

TRANSCRIPT OF RECORD

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SUPREME COURT OF THE UNITED STATES

DOCTORS TERM, 1921

No. 174

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CARL FRANZ ADOLF OTTO INGENOHL, PETITIONER,

WALTER E. OLSEN & COMPANY, INC.

---

ON WRIT OF HABEAS CORPUS TO THE SUPREME COURT OF THE  
PHILIPPINE ISLANDS

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PETITION FOR HABEAS CORPUS FILED IN THE

CERTIFICATE OF HABEAS CORPUS

(31,337)

(31,337)

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1925

No. 614

CARL FRANZ ADOLF OTTO INGENOHL, PETITIONER,

vs.

WALTER E. OLSEN & COMPANY, INC.

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF THE  
PHILIPPINE ISLANDS

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G. R. No. 22288

**United States of America**  
**Philippine Islands**

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**In the Supreme Court of the Philippine Islands**

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**(Court of First Instance of Manila, Case  
No. 22706—Concerning Sum of Money.)**

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CARL FRANZ ADOLPH OTTO INGENOHL,  
*Plaintiff and Appellee*

*versus*

WALTER E. OLSEN & COMPANY, INC.,  
*Defendant and Appellant*

---

**(Appellate Jurisdiction)**

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Be it remembered that, on the dates respectively mentioned, the following proceedings were had in the above-entitled case:

On August 16, 1922, the plaintiff, through Attorneys Ross & Lawrence, filed with the Office of the Clerk of the Court of First Instance of Manila a complaint which reads as follows:

UNITED STATES OF AMERICA  
PHILIPPINE ISLANDS

IN THE COURT OF FIRST INSTANCE FOR  
THE CITY OF MANILA

CARL FRANZ ADOLPH OTTO  
INGENOHL,

*Plaintiff,*

VERSUS

WALTER E. OLSEN & CO., INC.,  
*Defendant.*

Case No. 22706

COMPLAINT

Plaintiff alleges:

I.

That he is a resident of the Colony of Hongkong.

II.

That defendant is a corporation duly organized and existing under the laws of the Philippine Islands, and having its principal place of business at the City of Manila.

III.

That on the 5th day of May, 1922, in the Supreme Court of Hongkong, the same being a court of competent jurisdiction and having jurisdiction over both the plaintiff and the defendant in a certain action wherein the plaintiff herein was plaintiff and the defendant here was defendant, a final judgment was rendered in favor of plaintiff and

against defendant a duly certified transcript of which said judgment is hereto attached, marked Exhibit "A".

IV.

That the said judgment has not been reversed or modified and is still in full force and effect.

V.

That on the 30th day of June, 1922, costs were duly taxed and allowed in the said Supreme Court of Hongkong in favor of plaintiff and against defendant in the sum of Twenty-six Thousand Two Hundred and Forty-four and 23/100 Dollars (\$26,244.23), Hongkong currency, as appears by the certificate of the Registrar of the said Supreme Court of Hongkong, hereto attached and made a part hereof.

VI.

That demand has been made by plaintiff upon defendant for the payment of the said sum of Twenty-six Thousand Two Hundred and Forty-four and 23/100 Dollars (\$26,244.23), Hongkong currency, but that defendant has failed and refused and still fails and refuses to pay plaintiff the said sum or any part thereof.

VII.

That the equivalent of the said sum of Twenty-six Thousand Two Hundred and Forty-four and 23/100 Dollars (\$26,244.23), Hongkong currency, on the said 30th day of June, 1922, was Thirty-one Thousand Nine-

ty-nine Pesos and Forty-one Centavos (P21,099.41), Philippine currency.

WHEREFORE, plaintiff prays judgment against the defendant.

1. For the sum of Thirty-one Thousand Ninety-nine Pesos and Forty-one Centavos (P31,099.41), Philippine currency, the equivalent of Twenty-six Thousand Two Hundred and Forty-four and 23/100 Dollars (\$26,244.23), Hongkong currency, with legal interest thereon, and for costs of suit.

2. For such other and further relief as to the court may seem just and equitable.

Manila, P. I., August 16, 1922.

ROSS & LAWRENCE

By (Sgd.) JAMES ROSS

*Attorneys for Plaintiff,*

Roxas Building, Escolta, Manila.

### Exhibit A

Colony of Hongkong	}	ss
City of Victoria		
Consulate General of the		
United States of America		

1. WILLIAM HOLT GALE, Consul General of the United States of America in and for the Consular district of Hongkong, duly commissioned and qualified, do hereby certify that the signature of W. Rees Davies, Chief Justice, upon the certificate hereto attached is the true and lawful signature of W. Rees Davies, Chief Justice of the Supreme of Hong-

kong, verified by the seal of the said Court, and is known to me to be such; and that the signature of Hugh A. Nisbet, Registrar of the Supreme Court of Hongkong to the certificate attached to the copy of Judgment, hereto attached, is the true and lawful signature of the said Hugh A. Nisbet and is known to me to be such; and I further certify that the said Hugh A. Nisbet as Registrar of the Supreme Court is authorized to issue copies of the records of the Supreme Court of Hongkong and to certify to the true character of such copies.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Consulate General of the United States of America this fifth day of August, 1922.  
(SEAL)

(Sgd.) WILLIAM H. GALE  
*Consul General of the United  
States of America.*  
(\$2 stamp)

IN THE SUPREME COURT OF HONGKONG  
ORIGINAL JURISDICTION  
ACTION No. 177 OF 1919

Between Carl Franz Adolph Otto Ingenohl  
Plaintiff

and

Walter E. Olsen & Co. Incorporated and the  
Registrar of Trade Marks of the Colony of  
Hongkong Defendants

I, SIR WILLIAM REES DAVIES, Chief



Justice of the Supreme Court of Hongkong  
HEREBY CERTIFY that Mr. Hugh A. Nisbet is the Registrar of the Supreme Court of Hongkong and is the legal keeper of the Records of Judgments of the Supreme Court of Hongkong.

I FURTHER CERTIFY that his signature to the Certificate dated 5th day of August, 1922 attached to the certified Judgment in the above Action dated the 5th day of May, 1922, is his signature and that his Certificate also dated the 5th day of August, 1922, also attached to the said Judgment in the above Action is his signature.

I FURTHER CERTIFY that the said Hugh A. Nisbet is the Taxing Officer of the Supreme Court of Hongkong and that his Certificate in this respect also dated the 5th day of August, 1922, is in due form.

Dated the 5th day of August, 1922.

(Sgd.) W. REES DAVIES

*Chief Justice.*

5.-8.-22

(SEAL)

IN THE SUPREME COURT OF HONGKONG

ORIGINAL JURISDICTION

ACTION No. 177 OF 1919

Between Carl Franz Adolph Otto Ingenohl  
Plaintiff

and

Walter E. Olsen & Co., Incorporated and the

Registrar of Trade Marks of the Colony of  
Hongkong Defendants  
*Dated and entered the 5th day of May, 1922.*

This action having come on for trial on the 16th, 17th, 28th, 29th and 30th days of March and on the 3rd, 10th, 12th, 13th and 19th days of April, 1922 and upon hearing Counsel for the Plaintiff and the first Defendants and the evidence produced by them  
IT IS THIS DAY ADJUDGED.

1. That the Plaintiff is the sole Proprietor of the Trade Marks and Trade Names the subject matter of this action (true copies of which Trade Marks and Trade Names are attached hereto) and is entitled to the exclusive use of the said Trade Marks and Trade Names in connection with his business as a Cigar Manufacturer.

2. That the first Defendants their servants agents or others acting under their control directions or instructions be restrained from selling or exposing for sale or procuring to be sold any cigars in boxes or packages bearing thereon thereto or therein the said Trade Marks and Trade Names and from using any labels or stamps or advertisements so contrived or expressed as by colodrabable imitation or otherwise to represent or lead to the belief that the cigars sold by the first Defendants are the cigars manufactured by the Plaintiff and sold by the Plaintiff under the said Trade Marks and Trade Names.

3. That an account be taken, that is to say, an account of the profits made by the first Defendants their servants or agents or other persons acting under their control in the selling or disposing of cigars made by or for the first Defendants and labelled with or in any way bearing the Trade Marks or Trade Names complained of and that the first Defendants shall within fourteen days after the date of the Registrar's Certificate to be made pursuant to the taking of such account pay to the Plaintiff the amount which upon taking such account shall be certified to be payable by the first Defendants to the Plaintiff in respect thereof.

4. That the first Defendants do deliver up upon oath or (at the Plaintiff's option) destroy all documents articles and things in their possession or power or under their control which offend against the foregoing injunctions AND IT IS FURTHER ADJUDGED that the Plaintiff do recover against the first Defendants his costs of action on the claim and counterclaim up to and including the trial including the costs of the second Defendant. The question of the costs of this action incurred subsequent to the trial and settling of this Judgment are reserved, and either of the parties are to be at liberty to apply as they may be advised.

The above costs have taxed and allowed at \$26,244.23 as appears by the Registrar's

Certificate dated the 30th day of June, 1922.

(Sgd.) C. WILLSON,  
*Deputy Registrar.*

(L. S.)

I, the undersigned, Registrar of the Supreme Court of Hongkong, DO HEREBY CERTIFY the foregoing to be a full, true and correct copy of the Judgment entered in the above action.

Dated this 5th day of August, 1922.

(Sgd.) HUGH A. NISBET  
*Registrar.*  
(SEAL)

I, the undersigned, Registrar of the Supreme Court of Hongkong, DO HEREBY FURTHER CERTIFY that the above mentioned costs were on the 30th day of June, 1922 taxed and allowed by me personally at \$26,244.23.

Dated this 5th day of August, 1922.

(Sgd.) HUGH A. NISBET  
*Registrar.*  
(SEAL)

On September 5, 1922, Messrs. Gibbs, McDough & Johnson entered their appearance as attorneys for the defendant.

On September 11, 1922, the defendant through its attorneys filed its answer to the plaintiff's complaint. Said answer reads as follows:

(Caption and title omitted)

ANSWER

COMES NOW the defendant by its under-

signed attorneys and in answer to plaintiff's complaint:

I.

Denies each and every allegation thereof.

II.

For a separate and special defense defendant alleges that the judgment referred to in the third paragraph of plaintiff's complaint was rendered by the Supreme Court of Hongkong based upon a mistaken conception of the legal force and effect of the deed of conveyance executed by the Alien Property Custodian of the United States in favor of the defendant corporation and of the legal force and effect of the acceptance by the plaintiff Ingenohl from the Alien Property Custodian of the United States of the proceeds of said sale and upon a mistaken conception of the laws of the Philippine Islands and of the United States applicable to such conveyance and to the receipt of the proceeds thereof by the plaintiff, all of which more fully appears from the allegations of defendant's counterclaim hereinafter set forth and to which reference is hereby made as a part of this special defense.

WHEREFORE, defendant prays judgment against the plaintiff and for costs of suit.

COUNTERCLAIM

FIRST CAUSE OF ACTION

By way of counterclaim and for its first cause of action against the plaintiff, the de-

fendant alleges:

I.

That previous to the 25th day of January, 1919, A. Mitchel Palmer, the duly appointed, qualified and acting Alien Property Custodian of the United States, under and by virtue of the Act of Congress of the United States approved October 6, 1917, known as the Trading with the Enemy Act as amended, and in accordance with executive orders issued in pursuance thereof, required and caused to be conveyed, transferred, assigned, delivered and paid over to him the property and business then owing and belonging to, or held for, by, or on account of, or on behalf, or for the benefit of the company known as Syndicat Oriente, a joint account association (*sociedad de cuentas en participacion*), of which the plaintiff was the "gestor", and which association formed under the laws of Belgium with its registered office in the City of Antwerp, Belgium, and an enemy as defined in said Act, not holding a license granted by the President under said Trading with the Enemy Act, and which the president of the United States, after investigation had determined was so owing, or so belonged, or was so held, and thereafter the said Alien Property Custodian in pursuance of said Act and proclamations and executive orders, advertised that he would sell through his managing director of the Philippine Islands to the highest bidder at public sale, subject to the terms



and conditions set forth in the advertisement of sale, the said property and business of the Syndicat Oriente and of the said plaintiff as its gestor on the 27th day of December, 1918 at Manila in the Philippine Islands, and pursuant to said advertisement of sale, and in compliance with all the terms and conditions therein set forth, and after due and public notice given thereof, on the 27th day of December, 1918 duly sold at public sale at Manila, Philippine Islands the said property and business, with certain exceptions immaterial to this case mentioned in the deed of conveyance hereinafter referred to, in consideration of the bid therefor by the said defendant corporation of the sum of ₱2,350,000.00 Philippine currency, which was the highest bid of any bidder qualified to bid for and purchase said property and business at said sale, and the said Alien Property Custodian of the United States having thereafter accepted said bid and received from the defendant corporation in cash the amount of said bid, did on the 25th day of January, 1919, under and by virtue of said Act of Congress and said proclamations and executive orders, execute in favor of the defendant corporation a deed of conveyance of said property and business of the said Syndicat Oriente and of the said plaintiff as its gestor a copy of which deed marked Exhibit "1" for identification is hereto attached and made a part of this counterclaim.

II.

That among the property conveyed and described in said deed so executed by the Alien Property Custodian of the United States in favor of the defendant corporation was the cigar and cigarette factory situated in the City of Manila, Philippine Islands, known as "El Oriente Fabrica de Tabacos, C. Ingenohl", and all incidents and appurtenances thereto including the business as a going concern and the goodwill, trade names and trade marks thereof, and of the said Syndicat Oriente.

III.

That the said C. Ingenohl mentioned in the preceding paragraph was, and at all times herein mentioned has been, the gestor of said Syndicat Oriente, and is the plaintiff in this action.

IV.

That as a result of a claim made therefor, the said plaintiff for himself and as gestor and representative of the said Syndicat Oriente collected and received from the said Alien Property Custodian of the United States the purchase price of the property mentioned in paragraphs I and II of this counterclaim, paid as aforesaid by the defendant to the said Alien Property Custodian of the United States, and the said plaintiff thereby ratified and assumed the obligations of the sale and conveyance of said property to the defendant to all intents and purposes, as if

the same had originally been made by him himself.

V.

That at the time of the conveyance of said property to the defendant corporation and for many years previous and subsequent thereto, and up to the time of the wrongful acts of the Plaintiff as hereinafter set forth, China, the Colony of Hongkong, the Federated Malay States, and the Straits Settlements were the principal markets for the output of the cigars manufactured in the said cigar factory, and the only trade marks and trade names under which said cigars were sold in those markets by the plaintiff previous to said conveyance, and by the defendant subsequent thereto were La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo; that by the sale of large quantities of the output of said cigar factory in said markets by the plaintiff previous to said conveyance, and by the defendant thereafter under said trade marks and trade names and by the appropriate registration of said trade marks and trade names in said countries, the plaintiff previous to said conveyance, and the defendant thereafter as his successor in interest appropriated, acquired and became entitled to the exclusive use of said trade marks and trade names in said markets to designate the cigar products of said factory.

VI.

That under and by virtue of said ratifi-

cation by the plaintiff and of said sale and conveyance by the Alien Property Custodian of the United States to the defendant, the plaintiff warranted and became responsible to the defendant for the legal and peaceable possession and enjoyment and use of the property thus conveyed, including said trade marks and trade names, known as La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo, to all intents and purposes the same as if the said plaintiff had himself made the original sale and conveyance thereof to the defendant.

VII.

That on or about the 28th day of May, 1919, the said trade marks and trade names known as La Perla del Oriente and El Cometa del Oriente were duly registered at Shanghai in the name of the defendant corporation for all of China with the exception of the Colony of Hongkong, which is British territory and where separate registration proceedings were and are required; that by virtue of said registration and by virtue of the sales under said trade marks and trade names of the cigars manufactured in said factory by the plaintiff previous to said conveyance and by the defendant as his successor in interest thereafter, the latter acquired the sole and exclusive right to the use of said trade marks and trade names in all of China.

VIII.

That as the plaintiff well knew at the

time of accepting the proceeds of said sale, the Alien Property Custodian of the United States intended to and did sell and convey to the defendant, and the defendant believed he was acquiring and did acquire under and by virtue of the purchase of said cigar factory business and trade marks and trade names, the exclusive right to the use of said trade marks and trade names in said markets; that as the plaintiff likewise well knew at the time of the acceptance of the proceeds of said sale the value of said trade marks and trade names in said markets at the time of said sale and conveyance by the Alien Property Custodian to the defendant was the sum ₱1,000,000.00 and that said trade marks and trade names in said markets represented ₱1,000,000.00 of the entire purchase price paid by the defendant to the said Alien Property Custodian and accepted by the plaintiff as aforesaid.

IX.

That after obtaining from the Alien Property Custodian of the United States the proceeds of said sale to the defendant as aforesaid, the plaintiff in violation of the terms of said sale and conveyance ratified by him as aforesaid, wrongfully instituted an action in the Supreme Court of the Colony of Hong-kong against the defendant in which he claimed to be the proprietor of the trade marks and trade names known as "La Perla del Oriente", "El Cometa del Oriente" and "Imperio del Mundo" in connection with cigars

manufactured by him in a Hongkong factory, which up to the time of said sale and conveyance was a mere branch of the cigar factory sold and conveyed to the defendant as aforesaid and asked for, and on May 5, 1922 secured from said Court the judgment which is the basis of the complaint in this case and to which reference is made as a part of this counterclaim, and under and by virtue of which the defendant, its agents and attorneys and servants were forever enjoined from selling cigars under any of the trade marks and trade names in question in the said Colony of Hongkong, and which judgment is now, and ever since its rendition, has been in full force and effect in the said Colony of Hongkong and effectually deprives the defendant of the use and enjoyment of said trade marks and trade names in said Colony.

X.

That although said judgment of the said British Court of Hongkong had and has no legal force or effect beyond the limits of said Colony of Hongkong, said plaintiff nevertheless, in further violation of the terms of said sale and conveyance, ratified by him as aforesaid, ever since the rendition of said judgment through his solicitors, agents, and representatives has been and still is wrongfully and unlawfully causing to be inserted in the leading newspapers of China, the Federated Malay States, the Straits Settlements and elsewhere, articles notifying the public of the



rendition of said judgment, asserting the plaintiff's exclusive right to the use of said trade marks and trade names in said countries and threatening to take legal proceedings against any person, firm or corporation having in their possession for sale cigars bearing the said trade marks or trade names, which are not manufactured by the said branch factory at Hongkong, and also causing notices of the same character to be given to the dealers in said countries in the cigars manufactured by the defendant in said cigar factory "El Oriente Fabrica de Tabacos, C. Ingenohl" and sold in said countries under said trade marks and trade names.

That all of the articles published in the newspapers of the various countries mentioned, and the notices given to the dealers in defendant's cigars were in substantially the same form. That a copy of the notices published in the Singapore Free Press on July 11, 1922 marked Exhibit "2" for identification is attached hereto and made a part of this counterclaim, and a copy of the personal notice given to one of the dealers in defendant's cigars dated August 22, 1922 marked Exhibit "3" for identification is attached hereto and made a part of this counterclaim.

That by reason of the threats contained in the notices referred to in the preceding paragraph, all the dealers in the cigars of the defendant designated by said trade marks and

trade names in the markets of the countries heretofore mentioned were intimidated and deterred from further dealing in defendant's cigars, and as a result of said threats cancelled all pending orders and refused and still refuse to make any further purchases of said cigars, without guaranties protecting them against the threatened legal proceedings of plaintiff, and the goodwill of the said cigar business of the defendant and the value of said trade marks and trade names in said markets have been thereby totally destroyed by the plaintiff, and the plaintiff has thereby wrongfully and unlawfully deprived the defendant of the use and enjoyment of the said trade marks and trade names, and of the goodwill of said cigar business in said markets.

XI.

That as a consequence of the wrongful acts of the plaintiff hereinbefore set forth, the consideration of said sale and conveyance ratified as aforesaid by the plaintiff, in so far as the use and enjoyment of said trade marks and trade names and goodwill of said business in said markets are concerned, has wholly failed, and the defendant is entitled to restitution of the purchase price and value thereof, to wit, the sum of ONE MILLION (P1,000,000) PESOS Philippine currency.

WHEREFORE, defendant prays judgment against the plaintiff for the sum of ONE MILLION (P1,000,000.00) PESOS Philippine currency and for costs of suit.

SECOND CAUSE OF ACTION

For its second cause of action defendant alleges:

I.

That it reproduces paragraphs one to ten inclusive of the first cause of action of this counterclaim and makes the same a part of this, its second cause of action.

II.

That by reason of the wrongful and unlawful acts of the plaintiff as hereinbefore set forth, the defendant has been damaged in its said cigar business in the sum of ONE MILLION (1,000,000.00) PESOS Philippine currency.

WHEREFORE, defendant prays judgment against the plaintiff in the sum of ONE MILLION (P1,000,000.00) PESOS Philippine currency and for costs of suit.

Manila, P. I.,  
September 11, 1922.

GIBBS, McDONOUGH & JOHNSON,  
By (Sgd.) A. D. GIBBS  
*Attorneys for the Defendant*

**Exhibit 1**

THIS INDENTURE dated the 25th day of January, Nineteen Hundred and Nineteen, by A. MICHELL PALMER, Alien Property Custodian, of the United States, to WALTER E. OLSEN & COMPANY, a corporation organized under the laws of the Philippine Islands, witnesseth:

WHEREAS, the undersigned, A. Mitchell Palmer, has been duly appointed by the President of the United States Alien Property Custodian, under the Act of Congress approved October 6, 1917, known as the Trading with the Enemy Act, as amended; and

WHEREAS, as such Alien Property Custodian, duly qualified and acting under said act and the proclamations and executive orders issued in pursuance thereof, the undersigned A. Mitchell Palmer heretofore required to be conveyed, transferred, assigned, delivered or paid over to him the property and business hereinafter described as property then owing, or belonging to, or held for, by on account of, or on behalf, or for the benefit of the company known as Syndicate Oriente, a Company formed under the laws of Belgium with its registered office in Antwerp, Belgium, an enemy as defined in said act, not holding a license granted by the President under said Trading with the Enemy Act, which the President after investigation has determined was so owing, or so belonged, or was so held; and

WHEREAS, the undersigned Alien Property Custodian thereafter, in further pursuance of said act and proclamations and executive orders, advertised that he would sell, through his Managing Director for the Philippine Islands, to the highest bidder at public sale, subject to the terms and conditions set forth in the advertisement of sale, the said pro-

perty and business on the twenty-seventh day of December, 1918, at Manila, in the Philippine Islands; and

WHEREAS, pursuant to said advertisement of sale and in compliance with all the terms and conditions therein set forth and after due and legal public notice given thereof, the undersigned Alien Property Custodian did on the twenty-seventh day of December, 1918, duly sell at public sale in Manila, Philippine Islands, the property and business hereinafter described as it existed on said date excepting therefrom, however, all cash on hand and money owing by or on deposit with banks and or trust companies belonging to said business on said date; and

WHEREAS, the bid of the undersigned Walter E. Olsen & Company for said property and business was for Two Million Three Hundred and Fifty Thousand Pesos (P2,-350,000.00) and was the highest bid of any bidder qualified to bid for and purchase said property and business at said sale; and

WHEREAS, the undersigned vendee is a corporation incorporated within and under the authority of the laws of the Philippine Islands, and is not controlled by, or operated mainly in the interest of, a person or persons not a citizen or citizens of the United States or of its insular possessions; and

WHEREAS, the said bid of the undersigned vendee was thereafter accepted by the under-

signed Alien Property Custodian; and

WHEREAS, the undersigned, as successful bidder aforesaid, thereafter duly paid to the undersigned Alien Property Custodian in cash, the full amount of Two Million Three Hundred and Fifty Thousand Pesos (P2,350,000.00), the amount of its bid and has also paid to the undersigned the additional amount of One Hundred and seventy seven thousand five hundred and seventy five Pesos and fifty three centavos (P177,575.53), the amount of the cash on hand and money owing by or on deposit with banks and /or trust companies belonging to said business on December 27, 1918; and

WHEREAS it was a term and condition of said sale that all of said property and business from the time of the closing of the bids up to the acceptance of the bid of the successful bidder therefor and the delivery thereof of the purchaser should be held, managed and operated by the Alien Property Custodian, or his representatives, but for the account and risk of the purchaser;

NOW THEREFORE the undersigned Alien Property Custodian of the United States, acting under authority of the Trading with the Enemy Act, as amended, and the proclamations and executive orders issued in pursuance thereof, does hereby grant, bargain, sell and convey to the said Walter E. Olsen & Company, its successor and assigns, all the follow-



ing described property and business:

All and singular the property, real and personal, rights, claims, titles, interests, effects and assets of every kind and description whatsoever (except only as specifically reserved and excepted hereinafter), wheresoever situate in the Philippine Islands, and all incidents and appurtenances thereto, including the business as going concern and the goodwill, trade names and trade marks thereof, of Syndicat Oriente, a company formed under the laws of Belgium with its registered office in Antwerp, Belgium, and heretofore doing business in the Philippine Islands under the name "El Oriente, Fabrica de Tabacos, C. Ingenohl"; including without restricting the generality of the foregoing description, the following:

1. Those parcels of land situated and described as follows:

(a) That parcel of land situated on Calle Castillejos, District of Quiapo, Manila, consisting of Seven thousand four hundred ninety six (7,496) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the land Registration Act, his title thereto being evidenced by Certificate Numbered 3886 in the land records of the City of Manila; which real estate is more particularly described in said certificate as follows:

"A parcel of land (Plant Psu-701) with

all buildings and improvements, except those herein expressly noted as belonging to other persons, situated on the SW line of Calle Castillejos, District of Quiapo. Bounded on the NE by Calle Castillejos; on the SE by property of Julian Martinez; on the SW by Estero of San Miguel; and on the NW by property of Benito Mojica. Beginning at a point marked "1" on plan, being N. 67 deg. 48'W., 44.69 m. from the SE. intersection of Calle Alejandro Farnesio and NE. line of Calle Castillejos; thence S. 22 deg. 03'W., 34.51 m. to point "2"; thence S. 63 deg. 06' E. 7.65 m. to point "3"; thence S. 22 deg. 55'W., 47.20 m. to point "4"; thence S. 32 deg. 24'W., 31.16 m. to point "5"; thence N. 51 deg. 53'W., 95.52 m. to point "6"; thence N. 38 deg. 23'E., 19.28 m. to point "7"; thence N. 53 deg. 22'E., 35.94 m. to point "8"; thence S. 69 deg. 40'E., 14.30 m. to point "9"; thence N. 19 deg. 18'E., 33.83 m. to point "10"; thence S. 71 deg. 19'E., 53.81 m. to the point of beginning; containing an area of SEVEN THOUSAND FOUR HUNDRED AND NINETY SIX SQUARE METERS (7,496), more or less. All points referred to are indicated on the plan bearings true; declination 0 deg. 50'E.; date of Survey April 30, 1910."

(b) That parcel of land situated on Calle Azcarraga, District of Quiapo, Manila consisting of Nineteen thousand nine hundred forty three and 97/100 square meters (19,943.97) of which Carlos Francisco Adol-

fo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 4629 in the land records of the City of Manila; which real estate is more particularly described in said certificate as follows:

“A land situated on the NE. line of calle Azcarraga, district of Quiapo. Bounded on the N. by Solocan Canal; on the E. by property of Jose E. Paterno; on the S. by property of the heirs of Eulalio Carmelo, Fernando Zamora and calle Azcarraga; and on the W. by Bilibid Creek. Beginning at a point marked “B” on the plan, which point is N. 13 degs. 15’W, fifteen meters and five centimeters (15.05) from the N. angle of the NE. corner arch of the bridge on calle Azcarraga over Bilibid Creek; and from said point “B” N. 25 degs. 00’E eighty-six meters and ten centimeters (86.10) to point “C” N. 40 degs. 00’E. thirty-five meters and forty-five centimeters (35.45) to the point “D” N. 59 degs. 45’E. fifty-five meters (55) to point “E” N. 87 degs. 50’E twenty-six meters and fifty-five centimeters (26.55) to point “F” S. 87 degs. 30’E eighty meters and sixty-five centimeters (80.65) to point “G” S. 25 degs. 15’W, one hundred seventy-one meters and twenty-four centimeters (171.24) to point “H” N. 65 degs. 56’W. forty-one meters and two centimeters (41.02) to point “I” N. 24 degs. 48’E seventeen centimeters (0.17) to

point "J" N. 65 degs. 56'W. twenty-two meters and eighty-eight meters (22.88) to point "K" S. 22 degs. 17'W two meters and seventy centimeters (2.70) to point "L" N. 69 degs. 00'W twenty-two meters and fifty-seven centimeters (22.57) to point "N" S. 18 degs. 00'W twenty-eight meters and thirty-five centimeters (28.35) to point "N" N. 63 degs. 00'W forty-eight meters and fifty centimeters (48.50) to the point of beginning; containing an area of nineteen thousand nine hundred forty-three square meters and ninety-seven square decimeters (19,943.97). All the points mentioned are marked on the plan; bearing magnetic, and date of survey, December 6, 1906."

(c) That parcel of land situated on Calle Azcarraga, District of Quiapo, Manila, consisting of Four Thousand four hundred forty nine and 90/100 square meters (4,449.90) of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate numbered 5913 in the land records of the City of Manila; which real estate is more particularly described in said certificate as follows:

"A land, with the improvements and buildings thereon, situated on the SW. line of calle Azcarraga, No. 2026, district of Quiapo. Bounded on the NE. by calle Azcarraga; on the SE. by an alley and by a property of

the "Compañía de Jesus"; and on the SW. and NW. by Curtidor Creek. Beginning at a point marked "1" on the plan, which point is S. 75 degs. 05'E and 166.40 meters from fire plug No. 402; and from said point "1" S. 34 degs. 37'W., 58.14 mts. to pt. "2"; thence S. 34 degs. 55'W., 5.21 mts. to pt. "3"; thence S. 60 degs. 19'W., 13.81 mts. to pt. "4"; thence S. 60 degs. 18'W., 30.41 meters to pt. "5"; thence N. 30 degs. 14'W., 15.12 mts. to pt. "6"; thence N. 28 degs. 34'W., 14.37 mts. to pt. "7"; thence N. 28 degs. 30'W., 3.61 mts. to pt. "8"; thence N. 16 degs. 35'W., 3.61 mts. to pt. "9"; thence N. 15 degs., 25'E., 3.61 mts. to pt. "10"; thence N. 36 degs. 58'E., 74.62 mts. to pt. "11"; thence S. 64 degs. 59'E., 50.56 mts. to the point of beginning; containing an area of FOUR THOUSAND FOUR HUNDRED FORTY-NINE SQUARE METERS AND NINETY SQUARE DECIMETERS (4,449.90) approximately. All the points mentioned are marked on the plan, and on the land point "1" is determined by an old stone monument 51 x 51 x 10 centimeters, and points "2", "3", "4", "5", "6", "7", and "11" by stakes of galvanized iron fixed on corners of walls; bearings true; and date of survey, December 22, 1913."

(d) That parcel of land on Calle Evangelista, District of Quiapo, Manila, mentioned in Cadastral Case No. 21 G. L. R. O. Cadastral Record 133 as Lot 5, Block 2181, containing Four Hundred ninety-nine (499) square

meters, Lot 6, containing four thousand nine hundred sixty-two (4,962) square meters, and Lot 7 containing three hundred six (306) square meters, of which Carlos Francisco Adolfo Otto Ingenohl is the applicant without opposition.

(e) That parcel of land situated in the Municipality of Aparri, Province of Cagayan, Philippine Islands, consisting of four thousand six hundred three (4,603) square meters of which Carlos Francisco Adolf Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 64 of the land records of said province of Cagayan; which real estate is more particularly described in said certificate as follows:

“A parcel of land situated on the NE. line of Calle Lopez Jaena, barrio of Tal-Lungan, municipality of Aparri. Bounded on the NW. by an estero; on the NE. by properties of the heirs of Dionisio Terren and Maria Maddela; and on the SW. by Calle Lopez Jaena. Beginning at a point marked “1” on plan being S. 18 deg. 38'E., 724.13 m. from B. L. L. M. No. 1, Aparri; thence N. 34 deg. 20'W., 146.99 m. to point “2”; thence N. 47 deg. 39'E., 24.98 m. to point “3”; thence N. 41 deg. 39'E., 5.09 m. to point “4” thence N. 38 deg. 21'E., 6.77 m. to point “5”; thence N. 34 deg. 43'E., 10.18 m. to point “6”; thence

N. 32 deg. 34'E., 20.55 m. to point "7"; thence S. 13 deg. 02'E., 177.50 m. to the point of beginning, containing an area of four thousand six hundred and three square meters (4,603) more or less. All points referred to are indicated on the plan and on the ground point "1" is marked by a. P. L. S. Monument, 0.20 x 0.20 x 1.00 m., point "2", by a nail in top of a post 20cm., points "3" to "6" by outer ends of crosses on top of wall and point "7" by a nail in large post situated at the corner of a wall; bearings true; declination 0 deg. 20'E; date of survey, July 16, 1912."

(f) That parcel of land situated in the Municipality of Ilagan, Province of Isabela, P. I., consisting of Twenty Thousand forty-eight (20,048) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 4 of the Province of Isabela; which real estate is more particularly described in said certificate as follows:

"A land, with the buildings erected thereon, situated in calle Rizal, barrio of Bagumbayan, municipality of Ilagan; bounded on the NW. by property of the "La Insular" cigar factory; on the E. by calle Rizal; on the S. by property of Marina Dasigoy, Ignacio Julan and Manuel San Jose; and on the SW. by Guinatan Brook. Beginning at a point marked "B" on the plan, which point is NW.

101 mts. and 35 centimeters measured along the SW. line of calle Rizal from the intersection of said line with the N. line of calle Sta. Barbara; and from said point "B" 251 degs. two hundred forty-seven meters (247) to point "C", from this point 280 degs., forty-one meters (41) to point "D", from this point 312 degs., 15' fifty-three meters and fifty centimeters (53.50) to point "E"; from this point 88 degs., 45' fifty-one meters (51) to point "F"; from this point 72 degs. two hundred fifty three meters and fifty centimeters (253.50) to point "a"; from this point 160 degs. ninety-six meters and fifty centimeters (96.50) to the point of beginning; containing an area of twenty thousand forty-eight square meters (20,048). All the points mentioned are marked on the plan, and upon the land a part of the perimeter by a wire fence; bearings magnetic; date of survey, August 8, 1905."

(G) That parcel of land situated in the Municipality of Echague, province of Isabela, P. I., consisting of Eleven thousand nine hundred sixteen (11,916) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by certificate Number 7 in the land records of the Province of Isabela; which real estate is more particularly described in said certificate as follows:

"A land, with the buildings erected



thereon, situated in the barrio of Tubtub, municipality of Echague. Bounded on the N. by properties of Apolinario Macarilay and Potenciano Acosta; on the E. by property of Rufino Monzon; on the S. by Cagayan River; and on the W. by a road. Beginning at a point marked "1" on the plan, which point is S. 59 degs. 58'W. and one hundred twenty-six meters and thirty centimeters (126.30) from the NE. corner of a *camarin* shed) situated within this parcel; and from said point "1" N. 8 degs. 55'W., twenty-five meters (25) to point "2"; from this point N. 8 degs., 58'W., forty-one meters and thirty centimeters (41.30) to point "3"; from this point N. so degs. 39'E., one hundred fifty-three meters and seventy centimeters (153.70) to point "4"; from this point S. 4 degs. 25'E., ninety-two meters and twenty centimeters (92.20) to point "5"; from this point N. 89 degs. 28'W., one hundred forty-eight meters and fifty centimeters (148.50) to the point of beginning; containing an area of ELEVEN THOUSAND NINE HUNDRED SIXTEEN SQUARE METERS (11,916). Points "1" and "5" are found on the N. shore of Cagayan River. All the points mentioned are marked on the plan, and upon the land point "2" is determined by an *alicum* tree and points "3" to "5" by the posts of a fence; bearings true; magnetic declination being 0 degs. 54', and date of survey, April 28, 1910."

(H) That parcel of land situated in the

Municipality of Naguilian, Province of Isabel, P. I., consisting of one thousand nine hundred seventy-two (1,972) square meters of which Carlos Francisco Adolfo Otto Inge-nohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered A-73 in the land records of the Province of Isabel; which real estate is more particularly described in said certificate as follows:

"A parcel of land, with such buildings and improvements as may exist thereon, situated on the NW line of Calle Zorilla, corner of Calle Boston, municipality of Naguilian. Bounded on the NE. by property of Protacio Taguba; on the SE. by calle Zorilla on the SW by calle Boston; and on the NW<sup>a</sup> by property of Juan de la Peña. Beginning at a point marked "1" on plan, being S 59 deg. 27'W., 45.10 m. from B. L. L. M. No. 1, Naguilian; thence S. 21 deg. 53'W., 53.00 m. to point "2"; thence N. 61 deg. 24'W., 40.00 m. to point "3"; thence N. 21 deg. 37'E., 46.04 m. to point "4"; thence S. 71 deg. 23'E., 40.00 m. to the point of beginning; containing an area of one thousand nine hundred seventy two (1,972) square meters more or less. All points referred to are indicated on the plan and on the ground points "1" and "2" are marked by P. L. S. B. L. Concrete monuments, 14 x 14 x 50 cm. and points "3" and "4" by stakes; bearings true; declination

0 deg. 41 'E.; date of survey January 7 and 8, 1913."

(i) That parcel of land situated in the municipality of Caoayan, Province of Isabela, P. I., consisting of four thousand seven hundred seventy (4,770) square meters which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 22 in the land records of the Province of Isabela; which real estate is more particularly described in said certificate as follows:

"A land situated in the barrio of Turayon, municipality of Caoayan. Bounded on the NE., SW. and NW. by public lands; and on the SE. by a road leading to Turayon. Beginning at a point marked "1" on the plan, which point is N. 9 degs. E. eight hundred seventy-nine meters and fifty-eight centimeters (879.58) from the monument of location No. 1 of the Bureau of Lands in Caoayan; and from said point "1" 53 degs. 19'W., sixty-nine meters and forty-five centimeters (69.45) to point "2"; from this point N. 35 degs. 03'W sixty-eight meters and seventy-four centimeters (68.74) to point "3"; from this point N. 53 degs. 15'E sixty-nine meters and thirty-three centimeters (69.33) to point "4"; from this point S. 35 degs. 10'E sixty eight meters and eighty-one centimeters (68.81) to the point of beginning; contain-

ing an area of four thousand seven hundred seventy square meters (4,770). Point "1" is determined on the land by a concrete monument of P. L. S B. L. point "2" by a post, and point "3" and "4" by stakes. All the points mentioned are marked on the plan; bearings true; magnetic declination 0 degs. 25'E, and the date of survey, February 28, 1911."

(j) That parcel of land situated in the Municipality of Cabagan Nuevo, Province of Isabela, P. I., consisting of seven thousand eight hundred forty-six (7,846) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 9 in the land records of the Province of Isabela; which real estate is more particularly described in said certificate as follows:

"A land situated on calle Nueva, municipality of Cabagan, Nuevo. Bounded on the NE. and SE. by calle Nueva; on the SW. by Cagayan River; and on the NW. by properties of Jose Santamarina and Marcosa Pañaniban. Beginning at a point marked "1" on the plan, which point is S. 7 deg. 06'W and seven hundred eighty meters and eighty-three centimeters (780.83) from the E angle of the door of the ash-pit of a circular brick furnace; and from said point "1" N. 9 degs. 25'W., eighty-three meters and twenty-two

centimeters (83.22) to point "2"; from this point S. 74 degs. 28'W., seventy-one meters and forty-eight centimeters (61.48) to point "3"; from this point S. 40 27'W sixty meters and eighty-four centimeters (70.84) to point "4"; from this point S. 58 degs. 23'E twenty-seven meters and seventy-three centimeters (27.73) to point "5"; from this point S. 75 degs. 40'E eighty-one meters and twenty-six centimeters (81.26) to point "6"; from this point N. 42 degs. 35'E twenty-two meters and fifty-seven centimeters (22.57) to point "7"; from this point of beginning; containing an area of seven thousand eight hundred forty-six square meters (7,846). Points "1" and "2" are determined by posts 20 x 65 centimeters, point "3" by a tree and points "4", "5", "6" and "7" by stakes. All the points mentioned are marked on the plan. Bearings the true. Magnetic declination 0 degs. 25'E, and date of survey, March 17, 1911."

(k) That parcel of land situated in the Municipality of Cabagan Nuevo, Province of Isabela, P. I., consisting of two thousand six hundred thirty seven (2,637) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 10 in the land records of the Province of Isabela; which real estate is more particularly described in said certificate as follows:

"A land situated in the barrio of Lattu, municipality of Cabagan Nuevo. Bounded on the NE. by properties of Ramon Pattalitan and Melchor Cauan; on the SE. by properties of Melchor Cauan; on the SW. by property of Justo Dayao; and on the NW. by a street. Beginning at a point marked "1" on the plan, which point is S. 68 degs. 19'W and one hundred ten meters and thirty-eight centimeters (110.38) from a *nanca* tree situated on the E side of the road from Aparri to Ilagan; and from said point "1" S. 70 degs. 10'W twenty-seven meters and forty-one centimeters (27.41) to point "2"; from this point S. 15 degs. 58'E eighty meters and eighty-two centimeters (80.82) to point "3"; from this point N. 75 degs. 34'E thirty-six meters and seventy-six centimeters (36.76) to point "4"; from this point "N" 22 degs. 23'W eighty-four meters and eighteen centimeters (84.18) to the point of beginning; containing an area of two thousand six hundred thirty-seven square meters (2,637). Point "1" is determined by a rock; point "3" by a tree point "2" by a rock 25 x 30 x 65 centimeters and marked P. L. S/B. L. All the points mentioned are marked on the plan; bearings true; magnetic declination 0 degs. E, and date of survey March 10, 1911."

(1) That parcel of land situated on Calles Mabini and Taft the Municipality of Ilagan, Province of Isabela, consisting of nine hundred sixty (960) square meters of which

Carlos Francisco Adolfo Otto Ingenohl is the owner as shown by deed of Sale and notarial document executed by "Baer, Senior & Co.'s Successors" executed June 28, 1909.

(m) A parcel of land situated in the municipality of Echague, Province of Isabela, P. I., consisting of nine thousand ninety-three (9,093) square meters.

2. The factories and other buildings located upon the above described real estate and all furniture, fixtures, machines, tools, equipment, launches and bargers, materials, supplies, labels, brands, tobacco, cigars, raw stock, partly or wholly manufactured, therein or belonging to said business.

3. All accounts receivable or other credits and all contract rights belonging to said business, except the account owing by the Orient Tobacco Manufactory of Hongkong.

4. Any interest in the foregoing which may belong to Carlos Francisco Adolfo Otto Ingenohl.

The undersigned Alien Property Custodian expressly excepts and reserves from this sale all Liberty Bonds of the United States and the above account of the Orient Tobacco Manufactory of Hongkong owned by said business.

The undersigned vendee has received this deed and accepted the property and Busi-

ness above described on the express condition that it will, and it hereby agrees to, assume and pay, satisfy, discharge and comply with any unpaid liabilities, indebtedness and obligations, any lease, contracts for the purchase or sale of materials of other products and other contracts which have been legally contracted or incurred by the said Syndicat Oriente or by or under the authority of the Alien Property Custodian, his representatives or trustee, in or in respect of the conduct of the property and business above described.

Neither the United States nor the Alien Property Custodian nor any representative or agent or agency thereof shall be held or admitted to make any representation or guaranty, express or implied, concerning, or in any way respecting the above property or business.

This deed may be executed in several counterparts, each of which shall have the same force and effect.

IN WITNESS WHEREOF the said A. Mitchell Palmer, Alien Property Custodian, acting by Douglas M. Moffat, his duly authorized Managing Director for the Philippine Islands, has hereunto set his hand the day and year first above written, and the said Walter E. Olsen & Company, in pursuance of due corporate authorization, has caused its corporate name to be signed hereto by its President under its corporate seal attested by



its Secretary.

A. MITCHELL PALMER,  
Alien Property Custodian.

By (Sgd.) DOUGLAS M. MOFFAT,  
Managing Director for the  
Philippine Islands.

WALTER E. OLSEN & COMPANY  
By (Sgd.) WALTER E. OLSEN,  
*President.*

(SEAL OR WALTER E.  
OLSEN & COMPANY)

ATTEST:

(Sgd.) J. W. MARKER  
*Secretary.*

ACKNOWLEDGMENT  
UNITED STATES OF AMERICA  
PHILIPPINE ISLANDS

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In the City of Manila on this 25th day of January, 1919, personally appeared Douglas M. Moffat known to me to be the same person who executed the foregoing instrument and acknowledged the same to be his free act and deed. Said Mr. Moffat did not exhibit any cedula being exempt from this tax on account of his being a nonresident of and

temporarily in the these Islands.

Before me,

(Sgd.) CHAS. A. McDONOUGH  
*Notary Public*

My commission expires December  
31, 1920.

Doc. No. 15, Page No. 65  
de Mi Registro Notarial.

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UNITED STATES OF AMERICA	}	ss.
PHILIPPINE ISLANDS		
CITY OF MANILA		

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Before me, the undersigned Notary Public in and for the City of Manila, P. I., personally appeared Walter E. Olsen, President, with cedula No. F-52616 issued at Manila, P. I., on January 20, 1919, and J. W. Marker, Secretary, with cedula No. F-62414 issued at Manila, P. I., on January 20, 1919 known to me as the same person who signed and executed the foregoing instrument on behalf of the Walter E. Olsen & Company and acknowledged that they executed the same as the free act and deed of said Walter E. Olsen & Company.

IN WITNESS WHEREOF, I have hereunto

set my hand and affixed my notarial this 25th day of January, 1919.

(Sgd.) CHAS. A. McDONOUGH,  
*Notary Public*

My commission expires  
December 31, 1920.

Doc. No. 15

Page No. 65

De mi Registro Notarial

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PHILIPPINE ISLANDS	}	ss.
CITY OF MANILA		

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I hereby certify that the foregoing instrument is a true and correct copy of its original, exhibited to me this day, with which I have compared it.

In witness whereof I have hereunto set my hand and affixed my official seal, at Manila, P. I. this 19th day of February, 1919.

(Sgd.) DOROTEO AMADOR  
*Notary Public*

My commission expires  
December 31, 1920.

(1 doc Stamp-20c)

NOTARIAL SEAL

Doc. No. 2.

Page No. 2.

Book No. 1.

1919.

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**Exhibit 2**

**THE SINGAPORE FREE PRESS, TUESDAY,  
JULY 11, 1922.**

**NOTICES.**

**NOTICE**

**THE ORIENT TOBACCO MANUFACTORY,  
MONGKOK, HONGKONG.**

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Judgment was delivered on the 5th day of May, 1922 by the Chief Justice of the Supreme Court of Hongkong in an action which was brought by Carl Ingenohl against Messrs. Olsen and Co., Inc. of Manila which decided (inter alia) that Carl Ingenohl carrying on business at Mongkok, Hongkong under the style of the Orient Tobacco Manufactory was entitled to the exclusive use of certain Trade Marks and also Trade Names, the chief of which latter are, "La Perla del Oriente," "El Cometa del Oriente" and "Imperio del Mundo" used by him in connection with the sale of cigars manufactured by the said Factory. The Trade Marks in question can be inspected at any time in the Offices of the undersigned and bear the said Trade Names or one of them.

On the 17th day of May, 1922, on behalf of Mr. Ingenohl and the Orient Tobacco Manufactory, Mongkok, the undersigned circularized notices to this effect together with copies of the Trade Marks and Trade Names in question to various cigar dealers and retailers in

the Straits Settlements and Federated Malay States. In spite of this fact, we are informed that various dealers are selling cigars bearing the various Trade Marks and Trade Names in question which cigars have not been manufactured by the Orient Tobacco Manufactory, Mongkok.

This notice is, therefore, published to inform those concerned that it is the intention of Mr. Ingenohl to take proceedings against any person, firm or corporation having in their possession for sale cigars bearing the said Trade Marks and/or Trade Names which have not been manufactured by the Orient Tobacco Manufactory, Mongkok.

DONALDSON & BURKINSHAW,  
Solicitors, Singapore,  
Agents for

DEACON LOOKER DEACON & HARSTON,  
1 Des Voeux Road Central, Hongkong,  
Solicitors for Carl Ingenohl and  
The Orient Tobacco Manufactory.

**Exhibit 3**

**COPY OF LETTER FROM MESSRS. DONALDSON  
& BURKINSHAW.**

Singapore, 22nd August, 1922.

Messrs. K. P. M. HUSSAIN & Co.,  
15 Battery Road,  
Singapore.

Dear Sirs,

The Orient Tobacco Manufactory, Mongkok,  
Hongkong.

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We are acting for Messrs. Deacon, Looker, Deacon and Harston of Hongkong the Solicitors for Mr. Carl Ingenohl and the Orient Tobacco Manufactory.

On the 5th day of May, 1922, judgment was delivered by the Chief Justice of the Supreme Court of Hongkong in an action which was brought by Mr. Carl Ingenohl against Messrs. Olsen & Co., Inc., of Manila which decided (inter alia) that Mr. Ingenohl carrying on business at Mongkok, Hongkong under the style of the Orient Tobacco Manufactory was entitled to the exclusive use of certain Trade Marks and also Trade Names, the chief of which latter are, "La Perla del Oriente," "El Cometa del Oriente" and "Imperio del Mundo" used by him in connection with the sale of cigars manufactured by the said Factory.

The Trade Marks in question can be in-

spected at any time in our office during office hours and bear the said Trade Names or one of them.

In July last we caused Notices to this effect to be inserted in the leading papers circularizing in the Strait Settlements and Federated Malay States and we hereby give you further notice that it is the intention of Mr. Ingenohl to take proceedings against any person, firm or corporation having in their possession for sale cigars bearing the said Trade Marks and/or Trade Names which have not been manufactured by the Orient Tobacco Manufactory, Mongkok.

Yours faithfully,

(Sgd.) DONALDSON & BURKINSHAW.

On September 29, 1922, the plaintiff through his attorneys filed a demurrer to the foregoing answer, which demurrer reads as follows:

**(Caption and title omitted)**

**DEMURRER**

Comes now the plaintiff, by his undersigned attorneys, and demurs to the special defense and counterclaims set forth in defendant's answer herein, on the following grounds:

(1) That this court has no jurisdiction over the subject-matter of the said special defense and counterclaims;

(2) That the defense and counterclaims

set forth in the said answer do not state facts sufficient to constitute a defense or counterclaim.

#### ARGUMENT

The defendant's counterclaims are referred to in, and made a part of, the special defense set forth in the answer—and necessarily so. They run together and are dependent one upon the other, and we shall accordingly, in this discussion, treat them as a whole.

The record shows that on May 5, 1922, a judgment was rendered by the Supreme Court of Hongkong, a court of competent jurisdiction, in favor of plaintiff and against the defendant, enjoining the use by defendant of certain trade-marks within the Colony of Hongkong, and awarding costs to the plaintiff. This judgment having become final, the cost were duly taxed, and a certified transcript of the judgment of the Hongkong court, including the taxation of costs, is set out in the plaintiff's complaint.

The defendant answers, alleging by way of special defense that the judgment of the Supreme Court of Hongkong, was based upon a mistaken conception of the legal force and effect of the deed of conveyance executed by the Alien Property Custodian in favor of the defendant and of the legal force and effect of the acceptance by plaintiff from the Alien Property Custodian of the proceeds of the said sale, and upon a mistaken conception of



the laws of the Philippine Islands and of the United States applicable to such conveyance and to the receipt of the proceeds thereof by plaintiff. The answer sets up two counterclaims on behalf of the defendant against the plaintiff. These counterclaims, as heretofore stated, are referred to in, and made a part of, the defendant's special defense. The success of the defendant's counterclaims depends upon the validity of its special defense, wherein the judgment of the Supreme Court of Hongkong is attached as having been based upon a mistaken conception and misapplication of the United States Trading with the Enemy Act. We shall state several reasons, which to us appear to be conclusive, why this Court can not entertain the defendant's special defense or its counterclaims.

THE COURT HAS NO JURISDICTION OVER THE  
SUBJECT-MATTER OF THE SPECIAL DE-  
FENSE AND COUNTERCLAIMS.

Paragraph (f), Section 9, of the Trading with the Enemy Act, reads as follows:

"Except as herein provided, the money or other property conveyed, transferred, assigned, delivered, or paid to the Alien Property Custodian, shall not be liable to lien, attachment, garnishment, trustee process, or execution, or subject to any order or decree of any court."

Section 17 of the same Act is as follows:

"That the district courts of the United

States are hereby given jurisdiction to make and enter all such rules as to notice and otherwise, and all such orders and decrees, and to issue such process as may be necessary and proper in the premises to enforce the provisions of this Act, with a right of appeal from the final order or decree of such court as provided in sections one hundred and twenty-eight and two hundred and thirty-eight of the Act of March third, nineteen hundred and eleven, entitled "An Act to codify, revise, and amend the laws relating to the judiciary."

It will be observed that Section 17 of the Trading with the Enemy Act confers jurisdiction for the general purposes of the Act, upon certain courts. This jurisdiction is exclusive. The courts of the Philippine Islands are given jurisdiction by the provisions of Section 18 of the Act solely over offenses under the Act committed upon the high seas, and conspiracy to commit such offenses. The language of Paragraph (f), Section 9, "shall not be . . . . subject to any order or decree of any court" is too plain to be misunderstood or misinterpreted.

Paragraph (a), Section 9, prescribes certain conditions under which the President of the United States, on application, may order the payment, conveyance, transfer, assignment, or delivery to a claimant of money or other property held by the Alien Property Custodian or by the Treasurer of the United States, or the interest therein to which the

President shall determine that such claimant is entitled. This paragraph contains the following proviso:

“PROVIDED, That no such order by the President shall bar any person from the prosecution of any suit at law or in equity against the claimant to establish any right, title, or interest which he may have in such money or other property. If the President shall not so order within sixty days after the filing of such application or if the claimant shall have filed the notice as above required and shall have made no application to the President, said claimant may, at any time before the expiration of eighteen months after the end of the war institute a suit in equity in the Supreme Court of the District of Columbia or in the district court of the United States for the district in which such claimant resides, or, if a corporation, where it has its principal place of business.”

Under the foregoing provisions of Section 9, jurisdiction over claims such as the one asserted by the defendant in this case is committed to the District Courts of the United States and the Supreme Court of the District of Columbia. The defendant, being a Philippine corporation, would be entitled to bring its action in the Supreme Court of the District of Columbia.

We quote the following from the decision of the United States Court of Appeals

for the Second Circuit, in the matter of the application of Thomas W. Miller, as Alien Property Custodian of the United States, etc.; Eugene Schaefer and Edward W. Preston, as Trustees, etc., Appellants:

“Any and all questions concerning any interest claimed by third persons in the property seized or demanded by the Custodian are to be raised and determined as provided by Section 9 of the Trading with the Enemy Act, and not in the proceeding now before the court. Section 7 of the Act of 1917 as amended by the Act of 1918, and which is set forth in an earlier part of this opinion, expressly declares that ‘the sole relief and remedy of *any* person having *any* claim to *any* money or other property’ delivered to or required to be delivered to the Custodian or seized by him shall be that provided by the terms of the Act. This is unambiguous and certainly is sufficiently specific and definite.”

These statutory provisions and the decision of the Circuit Court of Appeals, above cited, appear to us conclusively to settle the question of jurisdiction to hear and determine any claim that the defendant herein may have with respect to the transactions set forth in his answer.

The statute having invested certain courts with exclusive jurisdiction over such matters, no other court has the right to assume concurrent jurisdiction. The defendant,

if it has any grievance with respect to the sale and purchase of the property of the Syndicat Orient, or, if, as alleged in the answer, considers itself entitled to any rights in the trade-marks which were the subject-matter of the litigation in the Supreme Court of Hongkong, should address its complaint to the court designated in the Trading with the Enemy Act, demanding such redress as it may be entitled to against the Alien Property Custodian, and may, if it sees fit, make the plaintiff herein a party defendant; but it is clear that it must apply for relief, not to this Court, but to the Supreme Court of the District of Columbia.

THE SPECIAL DEFENSE AND COUNTERCLAIMS SET FORTH IN THE ANSWER DO NOT STATE FACTS SUFFICIENT TO CONSTITUTE A DEFENSE OR COUNTERCLAIM.

Defendant's attack upon the Hongkong judgment is undoubtedly based upon certain provisions of Section 311 of the Code of Civil Procedure. This section reads as follows:

"EFFECT OF OTHER FOREIGN JUDGMENT. The effect of a judgment of any other tribunal of a foreign country, having jurisdiction to pronounce the judgment, is as follows:

1. In case of a judgment against a specific thing, the judgment is conclusive upon the title to the thing;
2. In case of a judgment against a person, the judgment is presumptive evidence

of a right as between the parties and their successors in interest by a subsequent title; but the judgment may be repelled by evidence of a want of jurisdiction, want of notice to the party, collusion, fraud, or clear mistake of law or fact."

Putting aside, for the moment, other considerations which will hereinafter be referred to, our first contention is that a foreign judgment, especially a judgment by a court sitting in a British jurisdiction, is not open to attack for a mistake of law or fact, unless, possibly, for a mistake clearly appearing upon the face of the record, and one that would render the judgment invalid in the jurisdiction wherein it was rendered. It will be observed that the language of the section of the code referred to is "*clear* mistake of law or fact"—not merely a mistaken conception or misapplication of some law, or an error in the finding of facts, but as heretofore stated, such a mistake as clearly appears upon the face of the record and would operate to render the judgment invalid in the jurisdiction wherein it was rendered. Even going so far as to concede that the judgment is open to review for the purpose of determining whether it is based on a "*clear* mistake of law or fact," this Court could not, in any event, entertain a counterclaim arising out of matters in issue between the parties in the suit in the Hongkong court. In order for this Court to entertain the defendant's count-

erclaim, it would have to appear that the clear mistake of law or fact in the Hongkong judgment was one whereby the defendant was prevented from asserting the claims now brought forward by its cross-complaint. In other words, this Court, at the utmost, could go no further than to examine the Hongkong judgment for errors of law or fact appearing upon its face, and on this theory might conceivably refuse to enforce the judgment. But it could not, in any event, entertain a counterclaim which, as appears upon the face of defendant's answer, grows out of the transaction at issue in the litigation in the Hongkong court.

It is sufficiently evident from the defendant's pleading that what the defendant seeks is not really the correction of a mistake of law or fact committed by the Hongkong court, but a reopening and retrial of the case. The purpose of the code provision relied upon by the defendant could not have been to permit the retrial of issues settled by a foreign judgment.

It is therefore submitted that the demurrer should be sustained, for the reason that the answer alleges no clear or manifest error either of law or of fact in the judgment sued upon.

We go further, however, and submit that the judgment sued upon is final and conclusive, and entitled to full faith and credit by

this Court, regardless of the concluding words of Section 311 of the Code of Civil Procedure.

The legal question presented in this case has an interesting history, and has been the subject of a multitude of decisions both in the English and the American courts. We find that in many of the earlier decisions there was manifest a tendency to withhold the granting of full faith and credit to foreign judgments. We quote the following from Black on Judgments:

"SECTION 825. In respect to the conclusiveness of foreign judgments *in personam*, the earlier cases in the English reports exhibit a decided hesitation in approaching the question and a great diversity of opinion as to its proper answer. On the one hand, we have an expression of opinion from Lord Nottingham, as far back as the time of Charles II, to the effect that a foreign sentence of divorce ought to be held conclusive. 'It is against the law of nations', said he 'not to give credit to the sentences of foreign countries, till they are reversed by the law, and according to the form of those countries wherein they were given. For what right hath one kingdom to reverse the judgment of another? And how can we refuse to let a sentence take place till it be reversed? And what confusion would follow in Christendom if they should serve us so abroad, and give no credit to our sentences.' So there is a *dictum* of Lord Hardwicke that 'when any court, whether foreign



or domestic, that has the proper jurisdiction of the case, makes a determination, it is conclusive to all other courts.' And the same view was held, with more or less assurance, in certain other early cases. On the other hand, a contrary opinion was entertained by Lord Mansfield, Chief Baron Eyre, and Justice Buller, and has been expressed in some later cases, viz., that while a foreign judgment in a personal suit was sufficient to give a ground of action, and amounted to *prima facie* evidence of debt, yet it was not conclusive, and the case might be re-examined on the merits. In a case ruled in 1826, Best, C. J., quoted with apparent approval the statement in *Sinclair v. Frazer* 20 How. St. Tr. 469, that 'foreign judgments are *prima facie* evidence of a debt, although it is competent to the defendant to impeach the justice of them, or to show that they are irregularly or unduly obtained."

In the earlier American cases in which the effect and conclusiveness of foreign judgments became a question, rulings were made to the effect that such judgments were only *prima facie* evidence, and that they were not conclusive on the merits; but as Black says (Section 828) :

"It will be observed, however, that all these decisions rest upon the earlier English cases holding the same doctrine. The latter have now been overruled or repudiated, as we have just pointed out, but not until after the

theory of the inconclusiveness of such judgments had come to be generally recognized by the American judges. Had the same cases been decided in the light of the recent English adjudications, the result would undoubtedly have been different, for the courts professed to be guided by the views obtaining in Westminster Hall."

We quote again from Black (Section 827) as follows:

"Notwithstanding the fluctuations of opinion manifested in the earlier cases which we have cited, the English courts have finally determined upon the conclusiveness of foreign judgments *in personam*. And it must now be regarded as irrevocably settled, as a rule of English law, that such judgments when rendered by a court having jurisdiction of the subject-matter and the parties, and without fraud, and while still remaining in full force abroad, are binding and conclusive in the English courts, in all cases, and not open to impeachment or re-examination on the merits. In one of the latest and most important cases on this subject, it is said that a foreign judgment is examinable and is only *prima facie* evidence of the debt, so far as to show that the foreign court had no jurisdiction of the subject-matter of the suit, or that the defendant was never served with process, or that the judgment was fraudulently obtained; but it is conclusive upon the defendant so far as to prevent

him from alleging that the promises upon which it is founded were never made or were obtained by the fraud of the plaintiff; and any pleas which might have been pleaded to the original action cannot be pleaded to the action on the judgment. This decision finally establishes the conclusiveness of such a judgment when used as a cause of action. And as respects its effectiveness as a defense, we have an equally positive ruling of the House of Lords, made in a case where the defendant pleaded in bar that the plaintiff had before brought his action against him in a French court upon the identical cause of action now presented, whereupon judgment had passed in the defendant's favor. It appearing that the former suit was tried upon the merits and that the same matters were involved, it was held that the action was barred."

It appears that the reasons which, in the course of time, influenced the English and the American courts, to materially modify, if not wholly repudiate, the earlier rulings upon this subject were founded upon the increasingly intimate commercial relations between the nations of the world, and upon the policy of the law to discourage litigation. Thus, in one of the earlier decisions upholding the modern rule, the Supreme Court of New York said:

"The principle on which the rule is founded, namely, that the point has already been

decided between the parties, or their privies. by a court of competent jurisdiction, and that further litigation would be useless and vexatious, is just as applicable to foreign as to domestic judgment."

Comings v. Banks, 2 Barb. 602.

We again quote from Black the following, containing a very clear statement of the reasons for the modern rule by Mr. Justice Story:

"SECTION 830. The chief argument in support of the thesis that full faith and credit should be given to the judgments of foreign tribunals is one which rests on ground of convenience and necessity. Nowhere has it been presented with greater clearness or ability than by Mr. Justice Story in his learned treatises on the Conflict of Laws. 'It is indeed very difficult to perceive,' says he in the work referred to, 'what could be done if a different doctrine were maintainable to the full extent of opening all the evidence and merits of the cause anew in a suit upon the foreign judgment. Some of the witnesses may be since dead, some of the vouchers may be lost or destroyed. The merits of the cause, as formerly before the court upon the whole evidence, may have been decidedly in favor of the judgment; upon a partial possession of the original evidence, they may now appear otherwise. Suppose a case purely sounding in damages, such as an action for an assault, for slander, for conversion of property, for a malicious prosecution, or for a criminal conversation.

Is the defendant to be at liberty to retry the whole merits, and to make out, if he can, a new case upon new evidence? Or is the court to review the former decision, like a court of appeal, upon the old evidence? In a case of covenant, or of debt, or of a breach of a contract, are all the circumstances to be re-examined anew? If they are, by what laws or rules of evidence and principles of justice is the validity of the original judgment to be tried? Is the court to open the judgment and to proceed *ex aquo et bcno*? Or is it to administer strict law, and stand to the doctrines of the local administration of justice? Is it to act upon the rules of evidence acknowledged in its own jurisprudence, or upon those of the foreign jurisprudence? These and many more questions might be put to show the intrinsic difficulties of the subject. Indeed the rule that the judgment is to be *prima facie* evidence for the plaintiff would be a mere delusion, if the defendant might still question it by opening all or any of the original merits on his side, for under such circumstances it would be equivalent to granting a new trial."

This question was exhaustively argued in the Supreme Court of the United States by distinguished counsel, and made the subject of a highly instructive opinion rendered by Mr. Justice Gray in the case of *Hilton vs. Guyot*. While the result was to hold that the judgment sued upon, which was a judgment rendered by a French court, was open to re-

view, for reasons which will hereinafter be referred to, the court reached the following conclusions upon the principles governing the enforcement of foreign judgments in the courts of the United States:

"In view of all the authorities upon the subject, and of the trend of judicial opinion in this country and in England following the lead of Kent and Story, we are satisfied that where there has been opportunity for a full and fair trial abroad before a court of competent jurisdiction, conducting the trial upon regular proceedings, after due citation or voluntary appearance of the defendant, and under a system of jurisprudence likely to secure an impartial administration of justice between the citizens of its own country and those of other countries, and there is nothing to show either prejudice in the court or in the system of laws under which it was sitting, or fraud in procuring the judgment, or any other special reason why the comity of this nation should not allow it full effect, the merits of the case should not, in an action brought in this country upon the judgment, be tried afresh, as on a new trial or an appeal, upon the mere assertion of the party that the judgment was erroneous in law or in fact. The defendants therefore cannot be permitted upon the general ground to contest the validity or the effect of the judgment sued on."

U. S. Supreme Court Reports, 40 L. E.,  
p. 122.

In Volume 23 Cyc., 1610, the rule is stated as follows:

"It is not ground for impeaching a judgment of a foreign court that it is erroneous in matters of law, even where the foreign court proceeded upon a mistaken conception or application of the law of the country where the judgment is sought to be enforced."

In *Dunstan vs. Higgins*, 138 N. Y. 70 (20 L. R. A. 678) the plaintiff sued upon a judgment rendered in his favor and against the defendant by the Supreme Court of Judicature of England. The defendant attacked the judgment on the ground that the goods the purchase price of which had been sued for in the English court were not according to the agreement between him and the plaintiff, the same question having been raised in the English court by the defendant, who, however, did not appear at the trial, having prior thereto applied for a commission to take the depositions of certain witnesses in the United States, his application having been denied. The defendant argued in the New York court that the judgment was unfair because he had not been permitted to produce his proof at the trial in England. Judgment was rendered for plaintiff, the New York court holding that the English judgment was conclusive. The court said, *inter alia*:

"Legal errors committed upon the trial or during the progress of the cause may be

corrected by appeal or petition to the proper court, but they furnish no defense to an action upon the judgment itself. The presumption is that the rights and liability of the defendant have been determined according to the law and procedure of the country where the judgment was rendered, AND THERE IS NOTHING IN THE RECORD TO THE CONTRARY. The questions of fact or law settled by this judgment can not be reexamined in this court."

This case strongly supports our contention that, if the judgment of an English court is in any case subject to review or revision, under American jurisdiction, for mistakes of law or fact, it can only be for mistakes *appearing upon the face of the record*.

When we said at the beginning that the judgment of an English court was especially immune from attack upon the merits, we did not speak unadvisedly. For many years the fullest reciprocity has prevailed between England and the United States with respect to allowing full and conclusive effect to the judgments of each by the other. This is by no means true as to all foreign nations. The American courts have applied to this subject a rule of comity and reciprocity. In the case of *Hilton vs. Guyot*, *supra*, the Supreme Court of the United States refused to give conclusive effect to a judgment rendered by a French court, for the reason that under French law judgments rendered by the courts



of foreign countries are reviewable upon the merits. The Supreme Court, in the case just cited, said:

“It appears, therefore, that there is hardly a civilized nation on either continent, which, by its general law, allows conclusive effect to an executory foreign judgment for the recovery of money. In France, and in a few smaller states—Norway, Portugal, Greece, Monaco, and Hayti—the merits of the controversy are reviewed as of course, allowing to the foreign judgment, at the most, no more effect than of being *prima facie* evidence of the justice of the claim. In the great majority of the countries on the continent of Europe—in Belgium, Holland, Denmark, Sweeden, Germany, in many cantons of Switzerland, in Russia and Polland, in Roumania, in Austria and Hungary (perhaps in Italy) and in Spain—as well as in Egypt, in Mexico, and in a great part of South America, the judgment rendered in a foreign country is allowed the same effect only as the courts of that country allow to the judgments of the country in which the judgment in question is sought to be executed.

“The prediction of Mr. Justice Story (in Sec. 618 of his Commentaries on the Conflict of Laws, already cited) has thus been fulfilled, and the rule of reciprocity has worked itself firmly into the structure of international jurisprudence.

“The reasonable, if not the necessary,

conclusion appears to us to be that judgments rendered in France, or in any other foreign country by the laws of which our own judgments are reviewable upon the merits, are not entitled to full credit and conclusive effect when sued upon in this country, but are *prima facie* evidence only of the justice of the plaintiff's claim."

U. S. Supreme Court Rep., 40 L. E., page 130.

In the case of *Newton vs. Hunt*, 112 N. Y. S. 573, it was held that "an English judgment, though founded on presumptive evidence at variance with the rules of the courts of New York, will be given full effect within the established rules of comity; it appearing that the courts of England recognize and give effect to judgments *in personam* rendered by the New York courts."

In the case of *Fisher, Brown & Co. vs. Fielding*, 67 Conn. 91, 32 L. R. A. 236, it was held that an English judgment rendered by default against a citizen of Connecticut, after personal service made on him while in England, and upon the eve of his departure, is conclusive as to the merits, in the absence of fraud, although the cause of action did not arise in England.

"A decree in chancery in England, granting an injunction against the infringement of a patent and ordering the payment of profits and the costs, the latter to be taxed by the

taxing master, is such a final decree as will support an action for the costs in the courts of this state."

In re Pearson's Estate . . . Pa. Co. Ct. R. 298, American Digest, Vol. 30, 2674.

THIS CASE COMES WITHIN THE PROVISIONS OF PARAGRAPH 1 OF SECTION 311 OF THE CODE OF CIVIL PROCEDURE, NOT PARAGRAPH 2.

Paragraph 1 of Section 311 of the Code of Civil Procedure provides that, in case of a judgment against a specific thing, the judgment is conclusive upon the title to the thing. It probably will be contended by the defendant that Paragraph 1 applies to proceedings *in rem*. This can hardly be true, as it is scarcely conceivable that there could be occasion for enforcing a judgment rendered in a proceeding *in rem*, except in admiralty, which is provided for by Section 310 of the Code. Paragraph 1 of Section 311 must accordingly be understood to apply to a judgment rendered in connection with a controversy over any specific thing, as distinguished from a proceeding purely *in personam*. It is manifest from the record in this case, and appears upon the face of the defendant's answer, that the matter at issue between the parties to the suit in the Supreme Court of Hongkong was a "specific thing," to wit, certain trade-marks. The judgment for costs, now sought to be enforced in this court, was a mere incident to

the judgment upon the main question. Therefore, the judgment of the Hongkong court being final and conclusive as to the specific thing, it must necessarily be so as to all incidental matters, including costs. See *In re Pearsons Estate*, *supra*.

IT IS NOT WITHIN THE POWER OF THE PHILIPPINE LEGISLATURE TO ENACT LEGISLATION IN CONFLICT OR AT VARIANCE WITH THE FOREIGN POLICIES AND RELATIONS OF THE UNITED STATES.

It is our contention that Paragraph 2 of Section 311 of the code is not applicable to the case at bar, and that the provision of Paragraph 2, authorizing the impeachment of a foreign judgment on the ground of a "clear mistake of law or fact," is limited to matters appearing upon the face of the record, and does not, in any event, permit the retrial of the case upon its merits. But, even if it had been the intention of the legislature to make foreign judgments, especially those rendered under British jurisdiction, subject to review, it was beyond its power to do so. It has been shown that the rules of comity and reciprocity between Great Britain and the United States upon this subject are firmly and permanently established, and, while there is no treaty upon the subject, the obligation of all courts sitting in territory of the United States to give full faith and credit to British judgments is no less strong than if the subject were covered

by a treaty between the two nations.

“1. International law, including questions concerning the rights of persons within the dominion of one nation by reason of acts done within the dominion of another, is part of our law, and should be ascertained and administered by the court as often as such questions, are duly submitted to their determination.

“2. Where there is no written law upon the subject, such as treaty or statute, questions of international law must be determined by judicial decisions, the works of jurists, and the acts and usages of civilized nations.

“3. Comity of nations is the recognition which one nation allows within its territory to the legislative, executive, or judicial acts of another nation, having due regard to international duty and convenience, and to the rights of its own citizens or others who are under the protection of its laws.”

Syllabus of *Hilton vs. Guyot*, p. 95, U. S. Sup. Ct. Rep., 40 L. E.

IT APPEARS UPON THE FACE OF DEFENDANT'S ANSWER THAT THE DEED OF SALE ISSUED BY THE REPRESENTATIVE OF THE ALIEN PROPERTY CUSTODIAN AT MANILA TO THE DEFENDANT FOR THE PROPERTY OF SYNDICAT ORIENT INCLUDED ONLY PROPERTY WITHIN THE PHILIPPINE ISLANDS.

The defendant's answer alleges, and it

appears from the copy of the deed of sale made part of the answer, that the United States Alien Property Custodian did not attempt to dispose of any property of the Syndicat Orient except property situate within the Philippine Islands; nor would the deed have been effective to transmit title to any property beyond the territorial limits of the Philippine Islands or of the United States, even had the Alien Property Custodian attempted to dispose of such property.

Part of the defendant's counterclaim is Exhibit "1," which purports to be a copy of the deed of sale executed by the Alien Property Custodian to the defendant of certain properties therein specified, among which are the following:

"All and singular the property, real and personal, rights, claims, titles, interests, effects and assets of every kind and description whatsoever (except only as specifically reserved and excepted hereinafter), wheresoever situate *in the Philippine Islands*, and all incidents and appurtenances thereto, including the business as a going concern and the wood-will, trade names and trade marks thereof, of Syndicat Oriente, a company formed under the laws of Belgium, with its registered office in Antwerp, Belgium, and heretofore doing business in the Philippine Islands under the name 'El Oriente, Fabrica de Tabacos, C. Ingenohl.' "

The use of the words "wheresoever situ-

ate in the Philippine Islands" in the deed, and the reservation as to the account owing by the Orient Tobacco Manufactory of Hongkong, conclusively demonstrate that the Alien Property Custodian did not attempt to pass title to the defendant over any properties situated in any country other than the Philippine Islands; and, even had the deed purported to convey title to any property outside the Philippine Islands, the act of the Alien Property Custodian in this respect would have been illegal and void. Neither the Alien Property Custodian nor any agent, managing director, or other person employed by him had authority, under the Trading with the Enemy Act, to pass title to property of which the Alien Property Custodian did not have power even to take constructive possession. It is a self-evident proposition, which requires no argument to support it, that the Government of the United States, in enacting and carrying into effect the Trading with the Enemy Act, could not make its provisions applicable to property situated beyond its territorial limits or those of its possessions; nor, indeed, as has been seen, did the Alien Property Custodian in this case attempt to convey anything more than the properties of the Syndicat Orient within the Philippine Islands. The Syndicat Orient was a Belgian corporation, with its head office at Antwerp, and as such Belgian corporation was permitted to transact business in the Philippine Islands as a foreign cor-

poration, and, doing business in the Philippine Islands as such foreign corporation, was permitted, for the purposes of trade in the *Philippine Islands*, to register trade-marks and trade-names on certain brands of cigars and tobacco. This registration, however, had no force nor effect in any country except the Philippine Islands. The registration by the *Syndicat Orient* of a trade-mark in the Philippine Islands would give this company no right to the use of the trade-mark in any foreign country, nor even in the continental United States. The registration of any of this company's trade-marks in another country or colony must necessarily have been under the laws of such country or colony, and, moreover, such foreign registration must necessarily have been in the name of this Belgian corporation as registered and licensed to do business in such foreign country or colony, and not in the name of the branch company registered and licensed in the Philippine Islands. The Belgian Government could have taken over the trade-marks of the *Syndicat Oriente* which were registered in Belgium, but, even had it done so, it would have been without power to seize or in any manner deal with the trade-marks, or any other property, of the *Syndicat Oriente* situated in the United States or in any of its possessions.

The foregoing remarks apply to both our grounds of demurrer. It appearing upon the face of the complaint that the Hongkong trade-



marks of the *Sindicat Orient* were not sold, nor attempted to be sold, to the defendant, the defendant's special defense and counter-claims fail to state a cause of action against the plaintiff. Another necessary consequence resulting from the facts above referred to, all affirmatively appearing upon the face of the defendant's answer, is that the Supreme Court of Hongkong had exclusive jurisdiction over all questions arising in connection with any trade-marks of the *Sindicat Orient* registered in the Colony of Hongkong. This fact evidently was understood by the defendant herein when the Hongkong case was tried, as the certified transcript of the judgment shows that the defendant appeared by counsel and submitted to the jurisdiction of the Supreme Court of Hongkong.

The defendant (Paragraphs IV, and VI. of its first cause of action under its counter-claim) alleges, in substance, that the plaintiff herein, for himself and as representative of the *Sindicat Orient*, made claim for and collected and received from the Alien Property Custodian of the United States the purchase price of the properties sold by the Alien Property Custodian to the defendant herein, and that the plaintiff thereby ratified and assumed the obligations of the sale and conveyance of the said properties, and that under and by virtue of the said ratification the plaintiff warranted and became responsible to the defendant for the legal and peaceable

possession, enjoyment, and use of the properties so conveyed, including the trade-marks in question. While the allegations of the paragraphs referred to are mainly conclusions of law, we waive this point and proceed to a discussion of the merits of this branch of the case.

The Executive Order issued by the President of the United States under date of February 29, 1918 (No. 2813), authorized the Alien Property Custodian to make demand for the conveyance, transfer, assignment, delivery, and payment of any money or other property owing or belonging to, or held for, by, or on behalf of, and for the benefit of, an enemy, etc. Paragraph (c) of the said Executive Order is as follows:

“(c.) When demand shall be made and notice thereof given, as hereinbefore provided, such demand and notice shall forthwith vest in the Alien Property Custodian such right, title, interest, and estate in and to and possession of the money or other property demanded and such power or authority thereover as may be included within the demand, and the Alien Property Custodian may thereupon proceed to administer such money and other property in accordance with the provisions of the ‘Trading with the enemy Act’ and with any orders, rules, or regulations heretofore, hereby, or hereafter made by me or heretofore or hereafter made by the Alien Property Custodian.”

Under the terms of Executive Order No. 2813, above quoted, the right to the custody of the property of the *Sindicat Orient* seized by the representative of the Alien Property Custodian in the Philippine Islands became a vested right in the Alien Property Custodian on the day when the demand was made and notice thereof given.

Power to manage, administer, control, sell, or otherwise dispose of property seized by the Alien Property Custodian is conferred by Executive Order No. 2916, issued by the President of the United States under date of July 16, 1918, which reads as follows:

"The Alien Property Custodian shall have power, and he is authorized and directed, to hold, manage, administer, protect, preserve, control and sell or otherwise dispose of, in accordance with the following rules and regulations, any and all property other than money which has been or shall be conveyed, transferred, assigned, delivered, and or paid over to him pursuant to the provisions of the Trading With the Enemy Act as amended and the Executive proclamations and orders issued pursuant thereto or which has been or shall be required so to be conveyed, transferred, assigned, delivered and or paid over to him."

The relief available to one having any claim on any money or other property transferred to or seized by the Alien Property

Custodian, in the event of the sale or other disposition of such property, is prescribed by an Act of Congress, from which we quote as follows:

"The sole relief and remedy of any person having any claim to any money or other property theretofore or hereafter conveyed, transferred, assigned, delivered, or paid over to the Alien Property Custodian, or required so to be, or seized by him shall be that provided by the terms of this Act, and in the event of sale or other disposition of such property by the Alien Property Custodian, shall be limited to and enforced against the net proceeds received therefrom and held by the Alien Property Custodian, or by the Treasurer of the United States." U. S. St. at L. vol. 40, Part I, ch. 201, p. 1020.

The defendant's allegations with respect to the ratification by the plaintiff of the sale and conveyance of the property conveyed and sold by the Alien Property Custodian to the defendant herein are based, as appears from the answer, merely upon the fact that the plaintiff made claim to the proceeds of the sale, and was successful in inducing the United States Government to approve his claim. Reference to the above quoted provisions of the United States Statutes at Large will show that the plaintiff, in making demand for the proceeds of the sale of the property of the *Sindicat Orient*, pursued the sole remedy to which he was entitled by law.

There was no legal means by which he could claim the return of the property sold. Title to this property, as provided by the Trading with the Enemy Act and the Executive Orders issued thereunder, vested, upon its seizure, in the Alien Property Custodian, and the deed executed by the Alien Property Custodian to the defendant herein had the effect of vesting absolute and indefeasible title in and to the said property in the defendant. This, as we have said, was the plaintiff's sole and exclusive remedy, and it can not be said, as a matter of law, that his having pursued this remedy amounted to a ratification of anything that had been done by the Alien Property Custodian. Mr. Ingenohl's claim, or the claim of the Syndicat Orient, or both, must have been made under the provisions of Section 9, paragraph (a), of the Trading with the Enemy Act, as amended by Act of Congress approved June 5, 1920, providing that a partnership, association, or other unincorporated body of individuals outside the United States, or a corporation incorporated within any country other than the United States, which was entirely owned by subjects or citizens of nations, states, or free cities other than Germany or Austria, Hungary, or Austria-Hungary, and was so owned at the time of the return of its money or other property, could reclaim property seized by the Alien Property Custodian, or the proceeds of the sale of such property. The contention of

the defendant amounts to this: that the plaintiff, having accepted the proceeds of the sale of the property from the United States Government, is estopped now to say that the Alien Property Custodian was without power to assign any trade-marks belonging to the Syndicat Orient either in or outside the Philippine Islands, or, in other words, that the plaintiff has adopted and ratified the conveyances by the Alien Property Custodian to the defendant. This contention is wholly untenable with respect to any of the plaintiff's property dealt with by the Alien Property Custodian, and particularly so with respect to property outside the Philippine Islands, which was not, and could not have been, affected by the conveyance executed by the Alien Property Custodian in favor of the defendant. It is perfectly clear that the plaintiff had no option in the matter other than to claim and recover from the Alien Property Custodian the proceeds of the sale of his property. This, as we have seen, was his exclusive remedy. In accepting the proceeds of the sale, he acted under a certain form of duress. The United States Government had taken his property and sold it; an inalienable title had vested in the defendant; and the United States Government in effect said to the plaintiff: "You can not get your property back, but here is the money realized from its sale. Take it or leave it." A citizen of the United States would have fared no better under like cir-

cumstances. Enemies, under the Trading with the Enemy Act, with the exception of certain special cases dealt with by Executive Orders of the President of the United States, were "geographical" enemies; that is to say, any persons, even citizens of the United States, who were within the enemy's lines, were subjected to the application of the law as to the seizure of their property, and, when such property, even that belonging to a citizen, was sold, finality attached to the sale, and the owner's sole remedy was to recover the proceeds of the sale. A harsh law this, but one deemed to be necessary in the emergency in which the allied and associated powers found themselves in the war with Germany. It would be against all law, and all reason, to predicate a ratification of the action of the government, in a case such as that of the plaintiff, upon his having pursued the sole remedy allowed him by law to recover as much as he could from the wreck of his business.

AN IMPORTANT QUESTION OF INTERNATIONAL LAW AND PUBLIC POLICY IS INVOLVED IN THIS CASE.

This is the first time, so far as we know, that the question involved in this case has been submitted to the courts of this jurisdiction. The case, therefore, is one of special interest and importance. In the case of *Hilton vs. Guyot*, *supra*, Mr. Justice Gray said:

“‘Comity,’ in the legal sense, is neither a matter of absolute obligation on the one hand, nor of mere courtesy and good will upon the other. But it is the recognition which one nation allows within its territory to the legislative, executive, or judicial acts of another nation, having due regard both to international duty and convenience, and to the rights of its own citizens or of other persons who are under the protection of its laws.”

U. S. Sup. Ct. Rep., 40 L. E., page 108.

The question now submitted to the court is of peculiar importance in this jurisdiction, in view of the close proximity of the ports of Manila and Hongkong to each other, and of the intimate commercial relations existing between the two communities, and, if the Philippine and Hongkong courts should refuse to give to each others' judgments the same conclusive effect that is given by the courts of the mother countries, under long established rules of comity and reciprocity, the result would be confusing, not to say disastrous, and might conceivably be productive of confusion even beyond the limits of these two Oriental territories.

The authorities cited make it certain, to our mind, that the Supreme Court of Hongkong would consider itself obligated to treat as conclusive on the merits a final judgment rendered by any court of record in the Philippine Islands. For the courts of the Philip-



pires to refuse to reciprocate would, as we have said, be likely to result in unpleasant consequences. We need only take the case at bar for an example: Let us suppose that this Court holds that it is entitled to review the judgment of the Hongkong court and retry the case, and that it renders judgment for defendant upon its counterclaim. The plaintiff being a resident of Hongkong the defendant would have to have recourse to the Hongkong courts for the enforcement of any judgment he might recover against the plaintiff. Let us further suppose that such action be taken and the case again be brought before the Hongkong court, which, in view of the action of the Manila court, would naturally feel at liberty to again reopen and retry the case. In the event of a decision favorable to the plaintiff, he would again apply to the Manila court for enforcement of the judgment, whereupon the case would again be reopened and retried here, and so on *ad infinitum*.

Respectfully submitted.

ROSS & LAWRENCE,  
By (Sgd.) JAMES ROSS  
Attorneys for Plaintiff,  
Roxas Building, Escolta, Manila.

Manila, P. I.,  
September 28, 1922.

On October 21, 1922, the attorneys for both parties filed the following stipulation:

(Caption and title omitted)

STIPULATION

It is hereby stipulated by and between counsel for plaintiff and defendant that the hearing of the demurrer in the baove entitled action shall be postponed until set down again for trial by stipulation, or at the request of either party in the month of December, 1922; that in the meantime the defendant may, if it sees fit, amend its special defense and counterclaims, and the plaintiff may in that event, amend his demurrer to conform thereto.

Manila, P. I., October 20, 1922.

GIBBS, McDONOUGH & JOHNSON

By (Sgd.) A. D. GIBBS

*Attorneys for defendant.*

ROSS & LAWRENCE

By (Sgd.) JAMES ROSS

*Attorneys for plaintiff*

APPROVED.

Manila, October 24, 1922.

(Sgd.) C. A. IMPERIAL

*Judge*

On October 31, 1922, the defendant by its attorneys filed the following amended answer and counterclaim:

(Caption and title omitted)

AMENDED ANSWER AND COUNTERCLAIM

COMES NOW the defendant by its undersigned attorneys and in answer to plaintiff's complaint:

I.

Denies each and every allegation thereof.

II.

For a separate and special defense defendant alleges:

1. That the judgment referred to in the third paragraph of plaintiff's complaint was entered by the Deputy Registrar of the Supreme Court of Hongkong and was based upon and should be considered in connection with the decision of the said Supreme Court of Hongkong, a copy of which marked Exhibit "1" is hereto attached and made a part of this special defense.

2. That the said decision of the Supreme Court of Hongkong and the said judgment were rendered and entered as a result of a clear mistake of law and of fact, as hereinafter more fully set forth.

3. That previous to the 25th day of January, 1919, A. Mitchell Palmer, the duly appointed, qualified and acting Alien Property Custodian of the United States, under and by virtue of the Act of Congress of the United States approved October 6, 1917, known as the Trading with the Enemy Act as amended, and in accordance with executive orders issued in pursuance thereof, required and caused to be conveyed, transferred, assigned, delivered and paid over to him the property and business then owing and belonging to, or held for, by, or on account of, or

on behalf, or for the benefit of the company known as Syndicat Oriente, a joint account association (sociedad de cuentas en participacion), of which the plaintiff was the "gestor," and which association formed under the laws of Belgium with its registered office in the City of Antwerp, Belgium, and an enemy as defined in said Act, not holding a license granted by the President under said Trading with the Enemy Act, and which the president of the United States, after investigation had determined was so owing, or so belonged, or was so held, and thereafter the said Alien Property Custodian in pursuance of said Act and proclamations and executive orders, advertised that he would sell through his managing director of the Philippine Islands to the highest bidder at public sale, subject to the terms and conditions set forth in the advertisement of sale, the said property and business of the Syndicat Oriente and of the said plaintiff as its gestor on the 27th day of December, 1918 at Manila in the Philippine Islands, and pursuant to said advertisement of sale, and in compliance with all the terms and conditions therein set forth, and after due and public notice given thereof, on the 27th day of December, 1918 duly sold at public sale at Manila, Philippine Islands the said property and business, with certain exceptions immaterial to this case mentioned in the deed of conveyance hereinafter referred to, in consideration of the bid therefor by the

said defendant corporation of the sum of ₱2,350,000.00 Philippine currency, which was the highest bid of any bidder qualified to bid for and purchase said property and business at said sale, and the said Alien Property Custodian of the United States having thereafter accepted said bid and received from the defendant corporation in cash the amount of said bid, did on the 25th day of January, 1919, under and by virtue of said Act of Congress and said proclamations and executive orders, execute in favor of the defendant corporation a deed of conveyance of said property and business of the said Syndicat Oriente and of the said plaintiff as its gestor a copy of which deed marked Exhibit "2" for identification is hereto attached and made a part of this amended answer and counterclaim.

4. That among the property conveyed and described in said deed so executed by the Alien Property Custodian of the United States in favor of the defendant corporation was the cigar and cigarette factory situated in the City of Manila, Philippine Islands, known as "El Oriente Fabrica de Tabaccos, C. Ingenohl," and all incidents and appurtenances thereto including the business as a going concern and the goodwill, trade names and trade marks thereof, and of the said Syndicat Oriente.

5. That the said C. Ingenohl mentioned in the preceding paragraph was, and at all times herein mentioned has been, the gestor

of said Syndicat Oriente, and is the plaintiff in this action.

6. That as a result of a claim made therefor, the said plaintiff for himself and as gestor and representative of the said Syndicat Oriente in the year 1921 collected and received from the said Alien Property Custodian of the United States the purchase price of the property mentioned in paragraphs 3 and 4 of this amended answer and counterclaim, paid as aforesaid by the defendant to the said Alien Property Custodian of the United States, and the said plaintiff thereby ratified and assumed the obligations of the sale and conveyance of said property to the defendant to all intents and purposes, as if the same had originally been made by him himself.

7. That at the time of the conveyance of said property to the defendant corporation and for many years previous and subsequent thereto, and up to the time of the wrongful acts of the plaintiff as hereinafter set forth, China, the Colony of Hongkong, the Federated Malay States, and the Straits Settlement were the principal markets for the output of the cigars manufactured in the said cigar factory, and the only trade marks and trade names under which said cigars were sold in those markets by the plaintiff previous to said conveyance, and by the defendant subsequent thereto were La Perla del Oriente, El Cometa del Oriente and Imperio

del Mundo; that by the sale of large quantities of the output of said cigar factory in said markets by the plaintiff previous to said conveyance, and by the defendant thereafter under said trade marks and trade names and by the appropriate registration of said trade marks and trade names in said countries, the plaintiff previous to said conveyance, and the defendant thereafter as his successor in interest appropriated, acquired and became entitled to the exclusive use of said trade marks and trade names in said markets to designate the cigar products of said factory.

8. That under and by virtue of said ratification by the plaintiff and of said sale and conveyance by the Alien Property Custodian of the United States to the defendant, the plaintiff warranted and became responsible to the defendant for the legal and peaceable possession and enjoyment and use of the property thus conveyed, including said trade marks and trade names, known as La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo, to all intents and purposes the same as if the said plaintiff had himself made the original sale and conveyance thereof to the defendant.

9. That on or about the 28th day of May, 1919, the said trade marks and trade names known as La Perla del Oriente and El Cometa del Oriente were duly registered at Shanghai in the name of the defendant corporation for all of China with the exception

of the Colony of Hongkong, which is British territory and where separate registration proceedings were and are required; that by virtue of said registration and by virtue of the sales under said trade marks and trade names of the cigars manufactured in said factory by the plaintiff previous to said conveyance and by the defendant as his successor in interest thereafter, the latter acquired the sole and exclusive right to the use of said trade marks and trade names in all of China.

10. That as the plaintiff well knew at the time of accepting the proceeds of said sale, the Alien Property Custodian of the United States intended to and did sell and convey to the defendant, and the defendant believed it was acquiring and did acquire under and by virtue of the purchase of said cigar factory business and trade marks and trade names, the exclusive right to the use of said trade marks and trade names in said markets; that as the plaintiff also well knew at the time of the acceptance of the proceeds of said sale, said trade marks and trade names had been duly registered at Shanghai for all of China in the name of the defendant corporation, as alleged in the preceding paragraph; that as the plaintiff likewise well knew at the time of the acceptance of the proceeds of said sale, the defendant corporation was and had been, ever since the acquisition of said factory and trade marks and trade names from the Alien Property



Custodian, selling the product of said factory under said trade marks and trade names in all of said markets hereinbefore mentioned. That as the plaintiff also well knew at the time of the acceptance of the proceeds of said sale, the value of said trade marks and trade names in said markets at the time of said sale and conveyance by the Alien Property Custodian to the defendant was the sum of ₱1,000,000.00 and that said trade marks and trade names in said markets represented ₱1,000,000.00 of the entire purchase price paid by the defendant to the said Alien Property Custodian and accepted by the plaintiff as aforesaid.

11. That after obtaining from the Alien Property Custodian of the United States the proceeds of said sale to the defendant as aforesaid, the plaintiff in violation of the terms of said sale and conveyance ratified by him as aforesaid wrongfully instituted the action in the Supreme Court of the Colony of Hongkong which resulted in the decision of said court hereinbefore mentioned, and the judgment upon which the present action of the plaintiff is based.

12. That at the time of rendering said decision and entering said judgment, the said Hongkong Court had before it and under consideration said instrument of conveyance executed by the Alien Property Custodian in favor of the defendant corporation and facsimile of said trade marks and trade names

and the admission of the plaintiff that he had received the proceeds of said sale by the Alien Property Custodian, as evidenced by said instrument; that notwithstanding the fact that it clearly appears to the contrary on the face of said instrument of conveyance of the Alien Property Custodian to the defendant, the Hongkong court found and decided in effect that the language "wheresoever situate in the Philippine Islands" contained in the description of the property conveyed, was a limitation upon the goodwill and right to the use of the said trade marks and trade names to the Philippine Islands, whereas, in truth and in fact, as the plaintiff well knew at the time of said conveyance to the defendant by the Alien Property Custodian, practically the entire output of said factory, like that of all other important cigar factories in the City of Manila, was exported and sold outside of the Philippine Islands; that the plaintiff with full knowledge that practically the entire output of such factory was exported and sold beyond the limits of the Philippine Islands and that the entire value and success of the business of said factory depended upon the use of its trade marks in the foreign markets heretofore mentioned and in the United States, and that the intention of the said instrument of conveyance was to convey the right to the use of said trade marks and trade names outside the Philippine Islands, intentionally concealed and withheld said facts

from the said Hongkong court and thereby induced the latter to erroneously hold in effect that the right to the use of said trade marks was limited by said conveyance to the Philippine Islands; that the facsimile of one of the trade marks known as "El Oriente", upon which the said Hongkong court based its decision in part, consisted and consists of an oval shaped fancy design upon which a naked child is depicted in a sitting position on a pink cloth. Above the child is a scroll bearing on it the printed words "El Oriente" and in the right hand of the child another scroll with the word "Manila"; that the facsimile of another trade mark upon which the said Hongkong court based its decision in part depicted among other things the head and shoulders of a Filipina woman in a yellow camisa. The picture is surrounded with green leaves and pink flowers. Above is a scroll with the words "El Oriente" printed on it and underneath is another scroll with the words "El Oriente Fabrica de Tabacos, Sociedad Anonima Manila"; That the facsimile of another trade mark upon which the Hongkong court based its decision in part depicted a Filipina woman dressed in a red skirt and loose yellow camisa holding in the left hand the cover of an open cigar box her hand resting on a Spanish coat of arms. Above are printed the words "La Perla del Oriente". The Spanish coat of arms is the royal coat of arms of Spain. Underneath the said arms are

the obverse and reverse of three medals. On one of the medals it is stated on the reverse to have been awarded to "El Oriente Fabrica de Tabacos, Manila". The building in the back ground are the towers of the Dominican church (Walled City), Manila and the high column is the Magallanes monument Manila; another facsimile of a trade mark and trade name upon which the said Hongkong Court based its decision and judgment in part, depicts the old Bridge of Spain across the Pasig river at Manila, showing in the back ground the old stone wall of the walled city, Manila and the Dominican church, Magallanes monument, Intendencia building and the church towers of the Walled City of Manila and above several stars and a comet on the tail of which appear the words "El Cometa del Oriente".

13. That the plaintiff in said action in the Hongkong court claimed to be the proprietor of the trade marks and trade names known as La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo, in connection with cigars manufactured by him in a factory at Mongkok in said Colony of Hongkong hereinafter referred to as "the Hongkong factory", and which factory up to the time of said sale and conveyance was a mere branch of the Manila cigar factory sold and conveyed to the defendant as aforesaid.

14. That the following facts were disclosed upon the trial of said action in the

Hongkon court: That between the years 1882 and 1905, El Oriente Fabrica de Tabacos Sociedad Anonima (hereinafter referred to as the Sociedad Anonima) carried on business as manufacturers of cigars and cigarettes at Manila, Philippine Islands and made use in connection with such cigars of the trade marks which are in dispute in this action; that on or about the 28th day of November, 1905, the said Sociedad Anonima, being then in liquidation sold its business interest and assets in the Philippine Islands together with the goodwill thereof and trade marks of said Sociedad Anonima wherever in use (including the trade marks in dispute in this action) to the plaintiff as the gestor of a joint account association consisting of the plaintiff and others; that the said association was known as the Syndicat Oriente and carried on business in the Philippine Islands under the style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" (hereinafter referred to as El Oriente Fabrica de Tabacos); that in the year 1908 the Syndicat Oriente opened the said Hongkong factory as a branch or agency for the manufacture and sale in Hongkong of cigars which were composed of tabaco supplied by El Oriente Fabrica de Tabacos in the Philippine Islands, and which bore the trade marks in dispute in this action upon them; that the said trade marks which are in dispute in this action were registered in the Philippine Islands in

the years 1884-1887 as the property of the said Sociedad Anonima and registration thereof in the Philippine Islands of said property was renewed in the year 1902; that the said trade marks were subsequently in the year 1903 registered on the Hongkong register of trade marks as the property of the said Sociedad Anonima; that on or about April, 1906, the assignment of the said trade marks to El Oriente Fabrica de Tabacos was registered in the Philippine Islands and in February, 1910 said trade marks were assigned on the Hongkong register with the knowledge and authority and by direction of the plaintiff to the name of the said Syndicat under its said style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" as the proprietors of the said trade marks; that the said plaintiff on behalf of said Syndicat on the 13th of March 1917 renewed the registration of the said trade marks on the Hongkong register for a further period of fourteen years from the 15th of April, 1917 in the same name to wit, "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" as the proprietor.

That it clearly and unmistakably appeared from the facts thus adduced before the said Hongkong court that said trade marks and trade names were inseparably identified with the cigars manufactured in the Manila factory and that the said Hongkong factory had no right to the use of said trade marks and trade names except as a branch of said

Manila factory, and that the use of said trade marks and trade names by the said Hongkong factory upon the cigars manufactured by it after its disconnection with the said Manila factory constituted a false representation and a fraud upon the public purchasing such cigars and upon this defendant.

That under the laws of Great Britain, the United States and of the Philippine Islands, trade marks and trade names such as those in dispute in this case belong to and follow the product of the factory with which they are identified and the use thereof upon the product of any other factory constitutes a fraud upon the public; that under the laws of Great Britain, the United States and the Philippine Islands the acceptance by the former owner of the proceeds of the sale of his property by whomsoever made, amounts to a ratification of such sale to all intents and purposes as if the same had been made by the said owner himself, and that as construed by the rules of interpretation laid down by the laws Great Britain, the United States and the Philippine Islands, the deed of conveyance executed by the Alien Property Custodian in favor of the defendant as aforesaid was not reasonably susceptible to the interpretation placed thereon by the Hongkong court that the goodwill and right to the use of the trade marks and trade names thereby conveyed were limited to the Philippine Islands.

That notwithstanding the fact that this

defendant urged upon the said Hongkong court the point that the said trade marks and trade names were inseparable from the cigars manufactured in the Manila factory, and that the sale of any other cigars under said trade marks and trade names would constitute a fraud upon the public and upon the defendant and the point that the acceptance by the plaintiff of the proceeds of the sale to the defendant amounted to a ratification of the sale to all intents and purposes as if the same had been made by the plaintiff himself and the point that said deed of conveyance showed on its face that it was intended to convey the goodwill and trade marks and trade names of said Manila factory wheresoever its cigars had been or were being sold at the time of said conveyance, the said Hongkong court wholly ignored the first two mentioned points and decided the last mentioned point contrary to the clear literal interpretation of the language employed in said instrument of conveyance.

WHEREFORE, defendant prays judgment against the plaintiff and for costs of suit.

COUNTERCLAIM

FIRST CAUSE OF ACTION.

By way of counterclaim and for its first cause of action against the plaintiff, the defendant alleges:

I.

That previous to the 25th day of January,



1919, A. Mitchell Palmer, the duly appointed, qualified and acting Alien Property Custodian of the United States, under and by virtue of the Act of Congress of the United States approved October 6, 1917, known as the Trading with the Enemy Act as amended, and in accordance with executive orders issued in pursuance thereof, required and caused to be conveyed, transferred, assigned, delivered and paid over to him the property and business then owing and belonging to, or held for, by, or on account of, or on behalf, or for the benefit of the company known as Syndicat Oriente, a joint account association (*sociedad de cuentas en participacion*), of which the plaintiff was the "gestor", and which association formed under the laws of Belgium with its registered office in the City of Antwerp, Belgium, and an enemy as defined in said Act, not holding a license granted by the President under said Trading with the Enemy Act, and which the president of the United States, after investigation had determined was so owing, or so belonged, or was so held, and thereafter the said Alien Property Custodian in pursuance of said Act and proclamations and executive orders, advertised that he would sell through his managing director of the Philippine Islands to the highest bidder at public sale, subject to the terms and conditions set forth in the advertisement of sale, the said property and business of the Syndicat Oriente and of the said plaintiff as

its gestor on the 27th day of December, 1918 at Manila in the Philippine Islands, and pursuant to said advertisement of sale, and in compliance with all the terms and conditions therein set forth, and after due and public notice given thereof, on the 27th day of December, 1918 duly sold at public sale at Manila, Philippine Islands the said property and business, with certain exceptions immaterial to this case mentioned in the deed of conveyance hereinafter referred to, in consideration of the bid therefor by the said defendant corporation of the sum of ₱2,350,000.00 Philippine currency, which was the highest bid of any bidder qualified to bid for and purchase said property and business at said sale, and the said Alien Property Custodian of the United States having thereafter accepted said bid and received from the defendant corporation in cash the amount of said bid, did on the 25th day of January, 1919, under and by virtue of said Act of Congress and said proclamations and executive orders, execute in favor of the defendant corporation a deed of conveyance of said property and business of the said Syndicat Oriente and of the said plaintiff as its gestor a copy of which deed marked Exhibit "2" for identification is hereto attached and made a part of this amended answer and counterclaim.

II.

That among the property conveyed and described in said deed so executed by the

Alien Property Custodian of the United States in favor of the defendant corporation was the cigar and cigarette factory situated in the City of Manila, Philippine Islands, known as "El Oriente Fabrica de Tabacos, C. Ingenohl", and all incidents and appurtenances thereto including the business as a going concern and the goodwill, trade names and trade marks thereof, and of the said Syndicat Oriente.

III.

That the said C. Ingenohl mentioned in the preceding paragraph was, and at all times herein mentioned has been, the gestor of said Syndicat Oriente, and is the plaintiff in this action.

IV.

That as a result of a claim made therefor, the said plaintiff for himself and as gestor and representative of the said Syndicat Oriente in the year 1921 collected and received from the said Alien Property Custodian of the United States the purchase price of the property mentioned in paragraphs I and II of this counterclaim, paid as aforesaid by the defendant to the said Alien Property Custodian of the United States, and the said plaintiff thereby ratified and assumed the obligations of the sale and conveyance of said property to the defendant to all intents and purposes, as if the same had originally been made by himself.

V.

That at the time of the conveyance of said

property to the defendant corporation and for many years previous and subsequent thereto, and up to the time of the wrongful acts of the plaintiff as hereinafter set forth, China, the Colony of Hongkong, the Federated Malay States, and the Straits Settlements were the principal markets for the output of the cigars manufactured in the said cigar factory, and the only trade marks and trade names under which said cigars were sold in those markets by the plaintiff previous to said conveyance, and by the defendant subsequent thereto were La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo; that by the sale of large quantities of the output of said cigar factory in said market by the plaintiff previous to said conveyance, and by the defendant thereafter under said trade marks and trade names and by the appropriate registration of said trade marks and trade names in said countries, the plaintiff previous to said conveyance, and the defendant thereafter as his successor in interest appropriated, acquired and became entitled to the exclusive use of said trade marks and trade names in said markets to designate the cigar products of said factory.

VI.

That under and by virtue of said ratification by the plaintiff and of said sale and conveyance by the Alien Property Custodian of the United States to the defendant, the plaintiff warranted and became responsible to

the defendant for the legal and peaceable possession and enjoyment and use of the property thus conveyed, including said trade marks and trade names, known as La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo, to all intents and purposes the same as if the said plaintiff had himself made the original sale and conveyance thereof to the defendant.

VII.

That on or about the 28th day of May, 1919, the said trade marks and trade names known as La Perla del Oriente and El Cometa del Oriente were duly registered at Shanghai in the name of the defendant corporation for all of China with the exception of the Colony of Hongkong, with is British territory and where separate registration proceedings were and are required; that by virtue of said registration and by virtue of the sales under said trade marks and trade names of the cigars manufactured in said factory by the plaintiff previous to said conveyance and by the defendant as his successor in interest thereafter, the latter acquired the sole and exclusive right to the use of said trade marks and trade names in all of China.

VIII.

That as the plaintiff well knew at the time of accepting the proceeds of said sale, the Alien Property Custodian of the United States intended to and did sell and convey to the defendant, and the defendant believed it was ac-

quiring and did acquire under and by virtue of the purchase of said cigar factory business and trade marks and trade names, the exclusive right to the use of said trade marks and trade names in said markets; that as the plaintiff also well knew at the time of the acceptance of the proceeds of said sale, said trade marks and trade names had been duly registered at Shanghai for all of China in the name of the defendant corporation, as alleged in the preceding paragraph; that as the plaintiff likewise well knew at the time of the acceptance of the proceeds of said sale, the defendant corporation was and had been, ever since the acquisition of said factory and trade marks and trade names from the Alien Property Custodian, selling the product of said factory under said trade marks and trade names in all of said markets hereinbefore mentioned. That as the plaintiff also well knew at the time of the acceptance of the proceeds of said sale, the value of said trade marks and trade names in said markets at the time of said sale and conveyance by the Alien Property Custodian to the defendant was the sum of P1,000,000.00 and that said trade marks and trade names in said markets represented P1,000,000.00 of the entire purchase price paid by the defendant to the said Alien Property Custodian and accepted by the plaintiff as aforesaid.

IX.

That after obtaining from the Alien

Property Custodian of the United States the proceeds of said sale to the defendant as aforesaid, the plaintiff in violation of the terms of said sale and conveyance ratified by him as aforesaid, wrongfully instituted an action in the Supreme Court of the Colony of Hongkong against the defendant in which he claimed to be the proprietor of the trade marks and trade names known as "La Perla del Oriente", "El Cometa del Oriente" and "Imperio del Mundo" in connection with cigars manufactured by him in a Hongkong factory, which up to the time of said sale and conveyance was a mere branch of the cigar factory sold and conveyed to the defendant as aforesaid and asked for, and on May 5, 1922 secured from said Court the decision, a copy of which marked Exhibit "1" is attached hereto and made a part of this counterclaim, and under and by virtue of which and under and by virtue of the judgment subsequently entered thereon and which is the basis of plaintiff's complaint in this case, the defendant, its agents and attorneys and servants were forever enjoined from selling cigars under any of the trade marks and trade names in question in the said Colony of Hongkong, and which judgment is now, and ever since its rendition, has been in full force and effect in the said Colony of Hongkong and effectually deprives the defendant of the use and enjoyment of said trade marks and trade names in said Colony.

X.

That although said judgment of the said British Court of Hongkong had and has no legal force or effect beyond the limits of said Colony of Hongkong, said plaintiff nevertheless, in further violation of the terms of said sale and conveyance, ratified by him as aforesaid, never since the rendition of said judgment, through his solicitors, agents, and representatives has been and still is wrongfully and unlawfully causing to be inserted in the leading newspaper of China, the Federated Malay States, the Straits Settlements and elsewhere, articles notifying the public of the rendition of said judgment, asserting the plaintiff's exclusive right to the use of said trade marks and trade names in said countries and threatening to take legal proceedings against any person, firm or corporation having in their possession for sale cigars bearing the said trade marks or trade names, which are not manufactured by the said branch factory at Hongkong, and also causing notices of the same character to be given to the dealers in said countries in the cigars manufactured by the defendant in said cigar factory at Manila and sold in said countries under said trade marks and trade names.

That all of the articles published in the newspapers of the various countries mentioned, and the notices given to the dealers in defendant's cigars were in substantially the same form. That a copy of the notice publish-



ed in the Singapore Free Press on July 11, 1922 marked Exhibit "3" for identification and of the notice published in the North China Daily News at Shanghai on July 3, 1922 marked Exhibit "4" are attached hereto and made a part of this counterclaim, and a copy of the personal notice given to one of the dealers in defendant's cigars dated August 22, 1922 marked Exhibit "5" for identification is attached hereto and made a part of this counterclaim.

That by reason of the threats contained in the notices referred to in the preceding paragraph, all the dealers in the cigars of the defendant designated by said trade marks and trade names in the markets of the countries heretofore mentioned were intimidated and deterred from further dealing in defendant's cigars, and as a result of said threats cancelled all pending orders and refused and still refuse to make any further purchases of said cigars, without guaranties protecting them against the threatened legal proceedings of plaintiff, and the goodwill of the said cigar business of the defendant and the value of said trade marks and trade names in said markets have been thereby totally destroyed by the plaintiff, and the plaintiff has thereby wrongfully and unlawfully deprived the defendant of the use and enjoyment of the said trade marks and trade names, and of the goodwill of said cigar business in said markets.

XI.

That as a consequence of the wrongful acts of the plaintiff hereinbefore set forth, the consideration of said sale and conveyance ratified as aforesaid by the plaintiff, insofar as the use and enjoyment of said trade marks and trade names and goodwill of said business in said markets are concerned, has wholly failed, and the defendant is entitled to restitution of the purchase price and value thereof, to wit, the sum of ONE MILLION (P1,000,000.00) PESOS Philippine Currency.

WHEREFORE, defendant prays judgment against the plaintiff for the sum of ONE MILLION (P1,000,000.00) PESOS Philippine currency and for costs of suit.

SECOND CAUSE OF ACTION

For its second cause of action defendant alleges:

I.

That it reproduces paragraphs one to ten inclusive of the first cause of action of this counterclaim and makes the same a part of this, its second cause of action.

II.

That by reason of the wrongful and unlawful acts of the plaintiff as hereinbefore set forth, the defendant has been damaged in its said cigar business in the sum of ONE MILLION (P1,000,000.00) PESOS Philippine currency.

WHEREFORE, defendant prays judgment against the plaintiff in the sum of ONE MILLION (P1,000,000.00) PESOS Philippine currency and for costs of suit.

Manila, P. I.,  
October 26, 1922.

GIBBS, McDONOUGH & JOHNSON,  
By A. D. GIBBS,  
*Attorneys for the Defendant.*

**Exhibit 1**

CARL FRANZ ADOLF OTTO INGENOHL  
V.  
WALTER E. OLSEN AND COMPANY INCORPORATED & THE REGISTRAR OF TRADE MARKS  
OF THE COLONY OF HONKONG  
(O. J. No. 177 OF 1910)

In this action the plaintiff claims to be the proprietor of certain trade marks in connection with cigars alleged to be manufactured by him and he ask for an injunction to restrain the first defendant his servants and agents from selling cigars in boxes bearing the trade marks in question and from passing off goods not of the plaintiff's manufacture as and for the goods not of the plaintiff. He also claims damages.

As appears from the hearing of the action the Registrar of Trade Marks in the Colony was formally made a part to the action, but he has not appeared or taken any

part in the proceedings.

The material facts are shortly as follows:

The plaintiff was born in Germany but is a naturalized Belgian subject, and about 1876 he set up in Antwerp in the cigars and tobacco business. In 1882 the monopoly of the Spanish Government in the cigar trade in Manila came to an end and he in conjunction with others founded in Antwerp a company under the style of "El Oriente Fabrica de Tabacco Societe Anonyme". He was as he alleges, "administrator Directuer" of the society and a branch office was opened in Manila under the same name in 1883. This company continued until 1905 when it went into voluntary liquidation.

On the 28th November 1905 an "Association in participation governed by the laws of Belgian under the denomination of Syndicate Oriente" was formed Articles were entered into and the seat (Head office) of the association was to be at Antwerp at the offices of the "Gerant".

On the same date the liquidators of the old company in liquidation executed an assignment purporting to convey to the plaintiff Ingenohl all the assets of the company including trade marks subject to his taking over debts and liabilities and to the payment of a certain sum as against the scrip. He was also authorized to continue the business in future under the style of "El Oriente Fa-

brica de Tabaccos C. Ingenohl”.

In 1909 a factory was opened in Mong Kok, Hongkong, under the name of “The Orient Tobacco Manufactory” and in February 1910 application was made by the Manager in Hongkong to the Registrar of Trade Marks in Hongkong to register the firm as owners of the marks, and in the same month (February 1910) an assignment was endorsed in the register of Trade Marks to “El Oriente Fabrica de Tabacos C. Ingenohl Manila” of the cigars covered by the registration in “El Oriente Fabrica de Tabacos Sociedad Anonima Manila and Antwerp”.

The business was carried on in Hongkong whether as a separate concern, or as a branch of the Antwerp business under the ownership of the plaintiff Ingenohl, or as a branch (succursale) of the Societe at Manila is in issue.

In January 1919 the Alien Property Custodian of the United States appointed under Act of Congress of 1917 (The Trading into the Enemy Act) assigned to the defendant for the consideration named “all the property real and “personal and all effects and “assets of every kind in the Philippine Islands including the “business as a going concern and the goodwill trade name and trade “marks thereof of Syndicate Oriente, a company formed under the “laws of Belgium with its registered office in Antwerp

Belgium and "heretofore doing business in the Philippine Islands under the name "El Oriente Fabrica de Tabacos C. Ingenohl".

By virtue of this assignment the defendant claims to be the owner of the marks in question which prior to the assignment from the Custodian he alleges where the property of the Syndicate in Manila and its predecessor in title the Sociedad Anonima. He counterclaims asking for an injunction and damages.

The plaintiff contra says that the sale and assignment does not purport to affect the Hongkong marks to give the defendant any right to use the same and he further says that such sale and assignment "were unlawful and contrary to the principles recognized by British Courts."

I now come to the question of ownership in the marks prior to the assignment of 1919 by the Enemy Alien Custodian. Plaintiff claims to have been throughout the owner of the business both in Hongkong and Manila. The original office he says was in Antwerp and the Hongkong factory was a branch of his Antwerp business. I may mention as a fact that there was no factory or actual place of business in Antwerp but according to the plaintiff's case the head office was situated there.

In support of his allegation of ownership he relies on the agreement of 28th November 1905 to which I have referred from the liquidators of the old Company. He also

relies on the registration in the Hongkong register, the terms of which I have set out.

The indorsement in the Hongkong register was, it was proved in evidence, effected on the application in writting of the Hongkong Manager, and the terms of the assignment of 1905 from the liquidators of the old company were so far as they were material expressly set out in the application for registration.

Now I have stated that on 28th November 1905 articles governing the new Syndicate Oriente were entered into contemporaneously—in fact on the same date—as the assignment to the plaintiff from the liquidators of the old company. The defendant contends that these Articles taken in conjunction with the annual reports and balance sheet written by the plaintiff as “Gerant” (Manager) and addressed to “les participants” demonstrate two things, firstly that the plaintiff was only Gerant and had no private property beyond his interest as a shareholder. He is as a fact stated in the Articles to hold 860 of the 1400 shares. And secondly that the Hongkong business was a succursale (branch) of the Manila business.

Now the plaintiff gave evidence on commission and much of it was directed to his position under the Articles of Association in question and also to the legal and relative position of the Hongkong business. Two

advocates of the Belgian Courts were called by the plaintiff also on commission who gave evidence on the law affecting Association in Participation and the rights and liabilities of a Gerant. No evidence was before me by the defendant.

Various arguments have been imported into the case bearing *inter alia* on the following matters.

(a) The question of the ownership of the Hongkong marks and whether the plaintiff's position in regard to them, taken in conjunction with the Articles of Association is to be determined by Belgian or English Law; assuming the plaintiff to have the right which the defendant challenged, of raising the issue of Belgian law without specifically pleading it.

(b) The construction and effect of the assignment of 1919 to the defendant, and the further question whether that assignment was the outcome of a penal Act which deprives the defendant of the right of relying on it in these Courts.

Now the plaintiff's claim is resisted by the defendant on the ground of this assignment by virtue of which he claims his title. It is in fact the turning point in the case, and I have without difficulty arrived at a conclusion as to the legal construction to be placed on it in regard to the trade marks in question which in my judgment determines



the question of assignment in the Hongkong marks and makes it unnecessary to decide some subsidiary issues in the case.

Now to come to the assignment of 1919. It is an assignment by the Alien Property Custodian appointed under the Trading with the Enemy Act to the defendant of "all the property . . . of every kind and description whatsoever wheresoever situate in the Philippine Islands . . . including the business as going concern and the goodwill trade name and trade marks thereof to Syndicate Oriente, a company formed under the laws of Belgium with its registered office in Antwerp Belgium and heretofore doing business in the Philippine Islands under name of El Oriente Fabrica de Tabacos C. Ingenohl".

Now the express words of limitation "wheresoever situate in the Philippine Islands" may possibly be regarded as superfluous as it is clear that the Act of Congress could not contemplate conferring any extra-territorial rights in the sense of effecting rights outside the territory of the United States.

Then as to the words in the parcels "including the business as a going concern and the goodwill", Mr. Pollock strenuously argued that it included the long established right to import cigars to Hongkong, among other places which was an important part of the business, and that the trade marks were as-

signed with the goodwill of the business in Manila within the meaning of Sec. 22 of the Trade Marks Ordinance 1909. He relied on the plaintiff's evidence to show that all the acquirements of the Hongkong factory were "borrowed plumes from Manila" where the Syndicate had acquired its reputation.

He also relied on clause 4 which assigned "any interest in the foregoing which may belong to Ingenohl" i. e. every interest that Ingenohl possessed.

The learned Counsel for the plaintiff in reply argued that neither the plaintiff Ingenohl nor the Syndicate were parties to the assignment; that the rights to trade marks in foreign countries are obviously assets of great value and would be specifically included, whereas there is an entire absence of reference to them, in the assignment. Further that the marks are registered in many countries and the Alien Property Custodian (hereinafter called "The custodian") clearly could not contemplate selling any rights abroad; and further that there was no evidence from Manila as to the intention or scope of the assignment or in support of defendant's contention.

As to Mr. Pollock's contention that the assignment of the goodwill covered the right to import cigars to Hongkong Mr. Porter draws attention to the restrictive words in the parcel clause "wheresoever situate in the Phil-

ippine Islands" and "heretofore doing business in the Philippine Islands". He further relied on clause 3 of the assignment which assigns all accounts . . . . belonging to the said business except the account owing by the Orient Tobacco Manufactory of Hongkong" and he contended that the Manila books have not been put in evidence, and as presumably the account appears in the Manila books as an assets of the Manila firm that a purchaser may consider that he took over the debt so the account was expressly excepted in the assignment as there was no power to sell a Hongkong debt. It was also contended that if the Hongkong trade Marks had been regarded as Manila property the Manila books would have been produced to show it. Further that the Court has no evidence before it that any of the purchase money was in respect of Hongkong or foreign trade marks, the reason being that the Custodian had no rights in respect of the Hongkong or foreign trade marks.

I have now set out briefly the arguments based on the construction of the assignment, and I have to consider what would be the effect in law if I accept the construction which Mr. Pollock asks me to put on the assignment i. e. that the assignment by the Custodian in the words cited gave or reserved the right to import the cigars to Hongkong and to trade here in them.

The case is I think covered by the author-

ity of the Chartreuse Case—*Rey v. Lecouturier* (1908) 2 Ch 715, (1910) A. C. 362. The case arose out of the manufactured by Carthusian monks of Chartreuse by a secret process. Under French penal law the goodwill in France of the business of that manufacture and the French trade marks became vested, as was held by the French Court, in Lecouturier, a judicial officer, and he claimed also to have become entitled to the goodwill in England and the English trade marks, and on his application he was registered as proprietor of these trade marks in the place of Rey, who was a trustee for the monks. On the other hand, the Carthusian monks and a Spanish company claiming under them claimed that the monks remained in possession of the secret process, and applied to rectify the Register of Trade Marks by expunging the entries of the name of Lecouturier from the Register, and they also brought an action to restrain him and persons claiming under him from passing off liqueurs not manufactured by the plaintiffs, complaining of the use of the word "Chartreuse" and of advertisements and statements issued by the defendant in connection with their trade in England. The plaintiffs succeeded both in the Court of appeal and in the House of Lords, in being held that, although under the French penal law, the property of the monks in France became vested in Lecouturier, that law did not affect the goodwill in England

nor the English trade marks.

Lord Macnaghten in his judgment on page "264 says "The monks were forcibly expelled "from the country, and all their property in "France, including their distillery and their "French trade marks was confiscated and sold. "The particulars of sale purported to com- "promise the commercial business of the "monks and 'the customers and goodwill at- "tached to the business'. But two things "that belonged to them—the secret of their "manufacturing process and the reputation "which their liqueurs had acquired in foreign "countries, and notably in England—were "incapable of being seized or confiscated. "Expelled from France and exiled from their "old home, the monks of La Grande Char- "treuse carried with them the secret of Their "manufacture and the power of securing the "benefit of the reputation which their skill "had gained for them abroad".

And again at page 275 "The only plausible "ground of appeal urged at the Bar was "that under French law and by reason of "their purchase from the liquidator the ap- "pellants were justified in doing what they "have done. To me it seems perfectly plain "that it must be beyond the power of any "foreign Courts or any foreign legislature to "prevent the monks from availing themselves "in England of the benefit of the reputation "which the liqueurs of their manufacture

“acquired or to extend or communicate the  
“benefit of that reputation to any rival or  
“competitor in the English market. But it  
“is certainly satisfactory to learn from the  
“evidence of experts in French law that the  
“Law of Association is a final law—a law  
“of police and order—and is not considered  
“to have any extraterritorial effect.”

Lord Show says on page 267 ‘I proceed further  
“to say that I think it would be, so far as I  
“can see, not acting in accordance with the  
“true meaning and effect of the French Le-  
“gislation and decrees, but acting contrary  
“to that meaning and effect, to give them the  
“application beyond the territory of the  
“French Republic which is desired in this  
“case.” And again on page 268 “I cannot  
“trace anything, either express or implied,  
“which suggests extra-territorial operation.”  
Lord Loreburn says at page 273 “this prop-  
“erty which has come in question in this ap-  
“peal is property situated in England and  
“must therefore be regulated and disposed of  
“in accordance with the law of England”.

I may point out that counsel in the Court  
below had argued that the trade marks were  
accessory to the French business, and that  
therefore the benefit of their English trade  
marks though they were not the subject of a  
definite decision in the French Courts passed  
under the French judgment as there had  
been a complete vesting of the business in

the purchaser from the liquidator under a judicial sale. It was therefore argued that the liquidator or his assignee having the right to use the French labels in France carried with it the property in the trade marks in other countries. Further that no English right of property in the trade marks is acquired from the fact that they are on the English Register, that they could not exist apart from the French business and that the right of the property in them as a right of the French company in separate, not a separate local right in England.

This argument was entirely overruled both in the Court of Appeal and in the House of Lords for the reasons given in the judgments which I have cited.

And to apply the decision to this case the trade marks in question had been registered many years before in Hongkong, the cigars admittedly had for a long time acquired a reputation in the Hongkong market, and the assignment by the Custodian of the assets in the Manila firm cannot have any extra-territorial effect so as to effect the rights of the party concerned in Hongkong whatever that party may be.

The effect of assignment was clearly to deprive the owner, whether the plaintiff Ingenohl or the Societe as the case may be, of all interest in the Manila property, but it cannot affect any rights to the trade marks in

question in Hongkong.

Now Mr. Pollock argued that the marks in question were in fact Manila trade marks and he dealt at length with the plaintiff's evidence and in particular with the plaintiff's letters in support of his argument. This argument may properly affect the rights of the plaintiff and the Society inter se in Manila, but if my construction of the Chartreuse is correct it can give the defendant no right under the assignment on which his case is necessarily based to the property in the marks in Hongkong.

This being so it becomes unnecessary on the construction of the assignment to deal with the evidence upon the point, except to observe that admissions by the plaintiff or by his witnesses cannot I think effect the extra-territorial position so as to give the defendant the right which he seeks to set up under the assignment to him.

I may add that the defendant relied on the sale and assignment as being an act of estate and this characterizes it as extra-territorial. An act of state is essentially an exercise of sovereign power, and its consequences are governed by laws other than those which Municipal Courts administer. *Salaman v. Secretary of State for India* (1906) 1 K. B. (1613)

Now in deference to the arguments which have been addressed to me by Counsel I will



deal briefly with the question of ownership prior to the assignment in question. There are two points I think to be considered in relation to the registration of the marks here. *Firstly*, that the assignment in the Hongkong Register is to "El Oriente Fabrica de Tabacos C. Ingenohl, Manila". As to this the Registrar of Trade Marks at that time 1910 (Mr. Flecher) was called and stated that it is the duty of the Registrar to be satisfied before registration that the person applying is entitled to be registered and that the description El Oriente Fabrica C. Ingenohl Manila be regarded as the name under which Ingenohl was trading. He further stated that he knew the factory and that he had registered other marks in the name "Oriente Tabaco Manufactory C. Ingenohl Mongkok in the Colony of Hongkong" and that as a fact Ingenohl was the only proprietor that he had heard of.

*Secondly*, That the marks clearly bear Manila pictorial representations as the Manila factory had obtained a great reputation and that the word "succursale" (branch) appeared on the Hongkong labels up to last year. This the defendant relied on in support of his contention that the Hongkong business was simply a branch (succursale) of the Manila business and that the branch was established in Hongkong by the plaintiff as "Gerant" or manager of the Societe in Manila.

Now Mr. Pollock adduced strong argu-

ment to show that on the documentary evidence Mr. Ingenohl was not as he represents himself to be the absolute owner of the concern but was in the position of a manager and subject to the conditions laid down in the Articles. He admitted that the assignment from the liquidators of 1905 purported to grant Ingenohl absolute ownership but contended that the document must be read with the Articles of Association and the Annual Reports with which put a very different complexion on the position.

He prefaced his argument on the construction of the Articles by the contention that the words in the Preamble "*ondehors des loi belges ce syndicat est par les status suivant*" mean that the syndicate is governed not only by Belgian law but by the Articles, and that if Belgian law does apply which he does admit it can only apply subject to the articles and the proper construction to be placed upon them.

Then Art. 1 states the objects of the Association to acquire all the property of the Society without restriction as to countries and the plaintiff in his evidence admitted that "all the property" would include trade marks. Then as to ART. 3 dealing with capital the plaintiff admitted that as manager he could not increase or reduce the capital without the consent of the Supervision Committee. Art. 6 provides that the business shall be administered by the Gerant and "be supervise and con-

trolled by the Committee". Art. 7 The Gerant and Committee are to be appointed by the "participators" (shareholders) and Ingenohl "Merchant at Antwerp" is appointed Gerant for the full term of the Society subject to the provision of the next article.

Art. 8 gives powers to dismiss the Gerant by a majority of the meeting of the shareholders and he is obliged to transfer all the assets and liabilities to such person as the meeting shall determine. As to this plaintiff in his evidence admitted the effect of the article.

Art. 9 gives extended powers to the Gerant but "before undertaking important business" he is obliged to refer the same to the Committee.

Art. 12 saves the right of veto provided by Article 9.

Art. 13 provides a fixed salary to the Gerant.

Art. 20 requires the Gerant to draw up an annual balance sheet and report.

Art. 23 provides for the gerant remitting dividends.

Well then the Annual report and balance sheets are relied on by the defendant as demonstrating taking then in conjunction with the Articles, that (1) The Syndicate and not the plaintiff Ingenohl is the owner (2) That the Hongkong factory is a branch (succursale) of the Manila factory.

I have read with care these reports and need not go into them in detail but if they are to be construed according to English law they are, what in fact they appear to be, reports by the Manager to the Syndicate of the Hongkong business in which they were jointly interested. Such words as "our establishments in Hongkong" "our Hongkong factory" "our cigarettes" are frequent throughout the reports. Furthermore this proposition of the gerant are made "subject to approval". I think therefore that viewing the position from the standpoint of English law Mr. Pollock's . . . criticisms are well founded that although the assignment of 1905 from the liquidators purported to give the plaintiff Ingenohl absolute ownership in the marks that the other documents to which I have referred put him more in the position of manager, agent or some such capacity, and further that the Hongkong factory came within the purview of the Syndicate at Manila as indicated in the reports (and in particular see plaintiff's letter to the Hongkong firm of 24th May 1910).

Well then arises the question whether the evidence relating to ownership is governed by English or Belgian Law; and firstly objection was taken to the consideration of Belgian Law as there are no averment in the pleadings in support of it. Several authorities in support of this object were cited by Mr. Pollock but I think the position is clear and it is that where a defence on the ground of foreign law is set

up it must be specially pleaded. In this case however certain Articles of Association have been put in evidence by the defendant which establish the "Asociacion en participacion" governed by the laws of Belgium" and the plaintiff accordingly relies on Belgian law to construe the document. The document (unless the subsequent words "outside the law of Belgium the Syndicate is governed by the following statutes" are to control it) is clearly made subject to Belgian law, and if this is the case it is of course necessary to construe it according to Belgian law to obtain its contents.

Evidence was called upon commission on the construction of the document according to Belgian law and the defendant cross-examined upon it, but if such evidence had not been available the Court *ex more metu* would have acquired evidence of Belgian law bearing on the document.

Being clearly of opinion that no plea on the record as to foreign law was necessary it is unnecessary to refer to the authorities cited which in my opinion are not analogous. I may point out however that the case of *Hamlyn v. Talisker Distillery* 1804 A. C. 202 is I think analogous. It turned upon the question of whether English or Scotch law governed a contract and there were no pleas on the record bearing on the point.

Now as to the law governing the contract Dicey says (Conflict of Law 556) "The Inter-

pretation of a contract and the rights and obligation under it of the parties thereto are to be determined in accordance with the proper law of the contract" and the term "proper law" means the law by which the parties intended or may fairly be presumed to have intended the contract to be governed".

Evidence was called as I have said by the plaintiff on commission bearing on Belgian law on which the defendant's counsel in Antwerp cross-examined; and I think would be difficult to arrive at any other conclusion but that the intention of the parties was assumed to be that the articles were to be construed according to Belgian law.

Then as to Belgian Law M. Paul Duchaine Avocat pres de la Courd 'Appel de Bruxelles in his evidence say to put it briefly that the Belgian law does not recognize a trustee and that the word does not exist taken in the English sense. That the other members of the Association would not have anything but a money claim i. e. an action for damages against the Gerant. That the Gerant is personally liable to pay all the taxes on the estate. In cross-examination he stated that the Gerant is the only owner of the assets that whilst the participants may have a partnership in another participation the Gerant does not. . . . represent the participation, he is himself the owner of all the assets with regard to third parties and he alone has the right to appear

in the Courts. On being cross-examined on the point of dismissal and as to whether if he is dismissed he is not bound to transfer the property to a person named by the participants he stated that it was a personal and not a real obligation for which he is liable to pay damages but nothing else. That he cannot be compelled by the Court to carry out his obligation under the Articles but only to pay damages.

M. Charles Bauss a former president of the Antwerp Bar gave evidence on commission to the like effect. He stated that the participants in an association on participation have no claim against the Gerant except a claim for money and that in the event of his declining to carry out something decreed by the Articles the only remedy against him would be a claim for damages. This witness does not seem to have been subject to cross-examination on the point.

Now I have pointed out the obvious, in fact I think the only possible interpretation to be placed on the Articles by English law, and I have only to observe again that if the control and powers of the Gerant are absolute in the sense indicated by these two gentlemen of the Belgian bar that many of the Articles are quite illusory and obviously conflict with the rights and privileges of a Gerant as spoken to by the two witnesses.

No evidence was before me on the other

side and if the question of ownership is governed by Belgian law the plaintiff has established his ownership in the trade marks. If on the other hand the question is governed by English law I think, having regard to the evidence as a whole bearing on registration in the Hongkong registry, that his right to bring the action is establish. What may be his position in such case with the Societe inter se is beyond the scope of this action to inquire into.

I desire however to observe that on the words in the preamble "outside the laws of Belgium this Syndicate is governed by the following statutes" they are I think not devoid of ambiguity and I cannot discover that any question were put to the two expert witnesses to elucidate the meaning of the words, and both sides on the evidence on commission appear to have treated the Articles as being governed by Belgian law.

I have already pointed out that Mr. Pollock contended that the concluding words of the preamble to the Articles mean that they are governed, not only by Belgian law but by the terms of the Articles. His submission is as I have stated that if they are governed by Belgian law which he does not admit the law can only apply subject to the Articles and the proper constructions to be placed upon them. As to this the answer must be either the Belgian law applies or it does not. The evidence as to the construction to be



placed on the Articles by Belgian law is so wholly I think at variance with the construction which this Court would place upon them as to make it impossible to construe them in the light of the law of Belgium qualified by the law of England.

The conclusions at which I have arrived as to (1) the effect of the assignment to the defendant as to the trade marks in question (2) as to the right of the plaintiff in the trade marks make it unnecessary to deal with the subsidiary issues in the case.

I give judgment for the plaintiff on the claim and counterclaim with costs. Let the judgment be drawn up and there will be liberty to apply.

(Sgd.) W. REES DAVIES

5th May, 1922.

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For EXHIBIT 2, see Exhibit 1 of the answer and counterclaim, page 20.

For EXHIBIT 3, see Exhibit 2 of the answer and counterclaim, page 43.

#### **Exhibit 4**

NORTH CHINA DAILY NEWS  
SHANGHAI MONDAY, JULY 3, 1922.

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#### **N O T I C E**

THE ORIENT TOBACCO MANUFACTORY,  
MONGKOK, HONGKONG.

JUDGMENT was delivered on the 5th day

of May, 1922, by the Chief Justice of the Supreme Court of Hongkong in an action which was brought by Carl Ingenohl against Messrs. Olsen & Co., Inc., of Manila which decided (inter alia) that Carl Ingenohl carrying on business at Mongkok, Hongkong under the style of the Oriente Tobacco Manufactory was entitled to the exclusive use of certain Trade Marks and also Trade Names, the chief of which latter are, "La Perla del Oriente," "El Cometa del Oriente" and "Imperio del Mundo" used by him in connection with the sale of cigars manufactured by the said Factory. The Trade Marks in question can be inspected at any time in the Offices of the undersigned and bear the said Trade Names or one of them.

On the 17th day of May, 1922, on behalf of Mr. Ingenohl and the Orient Tobacco Manufactory, Mongkok, the undersigned circularized notices to this effect together with copies of the Trade Marks and Trade Names in question to various cigar dealers and retailers in Shanghai. In spite of this fact, we are informed that various dealers are selling cigars bearing the various Trade Marks and Trade Names in question which cigars have not been manufactured by the Orient Tobacco Manufactory, Mongkok.

This notice is, therefore, published to inform those concerned that it is the intention of Mr. Ingenohl to take proceedings against

any person, firm or corporation having in their possession for sale cigars bearing the said Trade Marks and/or Trade Names which have not been manufactured by the Orient Tobacco Manufactory Mongkok.

HANSON,  
Solicitors, Shanghai,  
Agent for  
DEACON, LOOKER, DEACON &  
HARSTON,  
1 Des Voeux Road Central,  
Hongkong.  
Solicitors for  
CARL INGENOHL  
and  
THE ORIENT TOBACCO MANUFACTORY.

For EXHIBIT 5, see Exhibit 3 of the answer and counterclaim, page 45.

On November 22, 1922, the plaintiff by his attorneys filed a demurrer to the defendant's amended answer and counterclaim which reads as follows:

(Caption and title omitted)

DEMURRER TO DEFENDANT'S AMENDED  
ANSWER AND COUNTERCLAIM

Comes now the plaintiff, by his undersigned attorneys, and demurs to the defendant's amended answer and counterclaim on the following grounds:

(1) That this Court has no jurisdic-

tion over the subject-matter of the said amended answer and counterclaim;

(2) That the said amended answer and counterclaim do not state facts sufficient to constitute a defense or counterclaim.

#### ARGUMENT

The defendant, pursuant to stipulation, has amended its answer and counterclaim prior to action by the Court upon our demurrer to the original answer and counterclaim. We desire, therefore, to refer to, and make part of our argument on the present demurrer, the arguments accompanying our demurrer to the original answer and counterclaim.

While defendant, by its amended answer and counterclaim, has varied somewhat the form of its pleading, the substance remains practically the same. In but one important respect does the amended answer differ from the original. This is the reference by defendant to, and the making part of its pleading of, the decision of the Supreme of Hongkong in the case in which the judgment herein sued upon was rendered. The inclusion of the decision of the Supreme Court of Hongkong in the answer merely serves to strengthen the plaintiff's position.

Defendant's amendments include new allegations to the effect that the decision and judgment of the Supreme Court of Hongkong were rendered and entered as the result of a "clear mistake of law and of fact." We

argued, in support of our demurrer to defendant's original answer, that the only conceivable ground for attacking a British judgment in this jurisdiction would be for a clear mistake of law or fact *appearing upon the face of the record*. No such mistake appears upon the face either of the record of the judgment of the Hongkong Court or of the decision of that Court now for the first time brought to the attention of this Court by being incorporated in and made a part of defendant's pleading. The record of the proceedings in the Supreme Court of Hongkong, as shown by the decision, discloses that the learned Trial Judge gave most careful and painstaking consideration to the case, and that the defendant was represented by able counsel and his case fully presented to the Court. The decision further shows that no evidence was adduced which would in any way operate to enlarge or amplify the terms of the deed of sale executed by the Alien Property Custodian in favor of the defendant.

Insisting, as we do, that the judgment of the Supreme Court of Hongkong is not subject to revision by this Court, we further submit that the judgment, as appears upon its face, and supported by the decision, is strictly in accordance with the law and the facts, even the facts as set forth in defendant's pleading now before this Court. The only material facts placed before the Court by the

defendant's amended pleading are those shown by the deed of sale executed by the Alien Property Custodian in favor of the defendant. The defendant's other allegations consist entirely of arguments and conclusions of law.

We repeat that the only material facts presented to the Court by defendant's pleading are those contained in the deed of sale itself, which shows that the Alien Property Custodian did not attempt to convey to the defendant anything more than the properties of the Syndicate Oriente within the Philippine Islands. It would have been a vain and useless thing for the Alien Property Custodian to have attempted to convey anything else or to give extra-territorial effect to the deed.

Let us briefly examine the allegations of the defendant's amended answer and counterclaim, and see whether our contentions with respect thereto are warranted. The defendant, after alleging (Paragraph 1) that the judgment sued upon herein was based upon, and should be considered in connection with, the decision of the Supreme Court of Hongkong, and (Paragraph 2) that the decision and judgment were rendered as the result of a clear mistake of law and of fact, proceeds (Paragraph 3) to set forth the circumstances under which the sale of the plaintiff's property to the defendant by the Alien Property Custodian was made, this paragraph conclud-

ing by referring to, and making part of the amended answer, a copy of the deed of sale executed by the Alien Property Custodian in favor of the defendant. This instrument, having been pleaded by the defendant by copy, must prevail over any arguments or conclusions alleged in the defendant's amended answer with respect to its legal effect.

In Paragraph 4 the defendant undertake to give a general description of the property conveyed by the said deed of sale, which, it is alleged, included all incidents and appurtenances of the cigar factory, situated in the City of Manila, known as "El Oriente Fábrica de Tabacos, C. Ingenohl," and the business as a going concern, and the goodwill, trade names and trade-marks thereof, and of the said Syndicat Orient. This allegation varies materially from the terms of the deed of sale pleaded by defendant, which strictly limits the sale to properties situated within the Philippine Islands. This deed of sale, having been pleaded by the defendant, must speak for itself, and all allegations as to its meaning and legal effect should be disregarded by the Court.

The allegations of Paragraph 5 of the amended answer are unimportant for the purposes of this demurrer.

Paragraph 6, after alleging that the plaintiff collected and received from the Alien Property Custodian the purchase price of the properties in question, proceeds to allege a

conclusion of law to the effect that the plaintiff thereby ratified and assumed the obligations of the sale to all intents and purposes as if the same had been made by himself. Again we submit that the Court should disregard this part of Paragraph 6 of the amended answer. This demurrer necessarily admits the fact that the plaintiff received from the Alien Property Custodian the purchase price of the property in question. On this point we refer to our argument upon our demurrer to the defendant's original answer as to the legal effect of plaintiff's action in this respect.

Paragraph 7 of the amended answer consists mainly of conclusions of law, and all that needs to be said in this connection is that the defendant, having acquired from the Alien Property Custodian nothing but properties situated within the Philippine Islands, states no cause of action by alleging any facts with reference to the registration or use of trademarks in other countries.

Paragraph 8 contains nothing but conclusions of law.

We need go no further in commenting upon the other allegations of the defendant's amended answer. They consist mainly of arguments and conclusions of law, such facts as are alleged being wholly immaterial to the issue in the case.

Defendant's whole case is based upon the theory, contradicted by the very instrument



upon which defendant relies, that the deed of sale executed by the Alien Property Custodian in favor of the defendant produced extraterritorial effects with respect to trade-marks registered, used, or existing outside the Philippine Islands. In this important respect the amended answer differs not at all from the original answer, and the arguments presented in connection with our demurrer to the original answer apply with equal force to the amended answer. We have, however, since the presentation of our demurrer to the original answer, found additional authorities, which we desire to bring to the attention of the Court, and which we believe the Court will find conclusive upon the question to be decided. In the case of *Baglin vs. Cusenier Co.*, which arose in the Circuit Court for the Southern District of New York, and was there decided on November 18, 1907, it appeared that, the order of Carthusian Monks having been expelled from France by the Government, a receiver was appointed to take possession of their property, including a factory for the manufacture of a liqueur known as Chartreuse and their trade mark for said liqueur. The receiver appointed by the French Government, having taken over the monks' factory, commenced the manufacture of a similar liqueur, which he sold under the name of "Chartreuse" through his assignee or representative in New York. The monks, through their representative, instituted an

action, in the Circuit Court for the Southern District of New York, for an injunction, and the Circuit Court held that the action of the French Government and Court did not affect the trade-mark rights of the Carthusian Monks in the United States, and that the receiver did not succeed to such rights. The injunction was granted as prayed for. (See *Baglin vs. Cusenier Co.*, 156 Fed. 1016.) Another decree had previously been entered in favor of the monks, in a case decided by the Circuit Court of the Southern District of New York on January 7, 1905, in which it was held that:

“A proprietor of a trade-mark does not lose his rights to the same in the United States because the French government seizes such proprietor's property, including his trade-marks, that it may find in France.”

(*Baglin vs. Cusenier Co.*, 156 Fed. 1015.)

The case first above cited was taken on appeal to the Circuit Court of Appeals for the Second Circuit, where the decree of the Circuit Court, amended as to certain minor matters, was affirmed (see *Baglin vs. Cusenier Co.*, 164 Fed. 25). The case then went to the Supreme Court of the United States, where, while amending the decrees of the lower courts in some respect, unimportant for the purpose for which the case is here cited, the contention of the monks was sustained and a decree directed in their favor

(Baglin vs. Cusenier Co., 221 U. S. Sup. Court Reports, L. Ed. 863).

The principle maintained by all of the decisions above cited was that the action of a government with respect to trade-marks situated within its jurisdiction can have no extra-territorial effect, which is precisely the principle contended for by the plaintiff in the case at bar. The opinion of the Supreme Court of the United States in the case of Baglin vs. Cusenier Co., *supra*, was delivered by Mr. Justice Hughes, and is well worthy of a full reading. For the sake of brevity, however, we quote only the following from the syllabus of the decision, containing a condensed statement of the principle upon which the case was decided:

“The liquidation in the French courts of the properties of the Carthusian monks who had long made a liqueur by a secret process at their monastery of La Grande Chartreuse did not invest the liquidator with foreign trademark rights, so as to preclude the monks, after they have removed to Spain, where they still make and sell the liqueur in accordance with the original secret formula, from obtaining relief against unfair competition or the infringement of their registered trademarks in the United States by the French liquidator or those claiming under him.”

It is interesting to note that Mr. Justice Hughes, in his opinion, refers with approval

to the statements of Lord Macnaghten in the House of Lords, and of Lord Justice Buckly, in the Court of Appeal, in the case of *Rey vs. Lecouturier*. It will be observed that this very case of *Rey vs. Lecouturier* was relied upon by the learned Judge of the Supreme Court of Hongkong in his decision in the case in which the judgment herein sued upon was rendered. The decision of the Hongkong Court, it will be remembered, was brought into this case by the defendant, presumably for the purpose of supporting defendant's contention that the judgment of the Hongkong Court was rendered under a "clear mistake of law." If the Supreme Court of Hongkong properly may be said to have been guilty of a mistake of law in basing its judgment upon the decision of the English courts in the case of *Rey vs. Lecouturier*, the same mistake must be imputed to the Supreme Court of the United States in the case of *Baglin vs. Cusenier Co.* The case at bar and the case of *Baglin vs. Cusenier Co.* are identical in principle, and, if we are not to accept the decision of the Supreme Court of the United States as authority, we confess that we do not know where to look for the law on the subject. If, on the other hand, the decision of the Supreme Court of the United States is to be accepted as authority—which we have no reason to doubt it will be by this Court,—then the result must be that, as appears by the defendant's own pleading, the decision of the

Hongkong Court was correct. The English and the American courts are in perfect accord upon this question, and it can admit of no doubt that the judgment of the Hongkong Court in the case in which the judgment herein sued upon was rendered was based upon legal principles and authorities identical with those prevailing in the United States. This being so, instead of the Hongkong Court's judgment having been based upon a mistake of law, "clear" or otherwise, it appears, on the contrary, upon the face of defendant's pleading, that the judgment sued upon is correct.

In our argument in support of our demurrer to the defendant's original answer, we asserted that for many years the fullest reciprocity has prevailed between the English and American courts with respect to allowing full and conclusive effect to the judgments of each by the other. In support of this proposition, in addition to the American decisions showing the position taken by the courts of the United States with respect to British judgments, we submit the following opinion rendered by a learned legal practitioner of the Colony of Hongkong as to the credit given to American judgments by the British courts:

*"Ingenohl v. Walter Olsen and Co.*

Opinion as to enforceability of American Judgments.

Subject to the following observations

judgments in personam of all competent American Courts are unfailingly enforced by British Courts.

The judgment must, as between the parties to it, be final, conclusive and complete in America.

The judgment must be for a sum certain. When an order for the payment of costs is part of the final decree of an American Court which disposed of the whole matter in dispute the judgment will be enforced in its entirety; but the costs must first be taxed.

An American judgment is conclusive in all British Courts as between parties and their privies, and is only impeachable for want of jurisdiction of the American Court or on the ground that it was obtained by fraud or misrepresentation. A foreign judgment will also be disregarded if (which would be impossible in the case of an American judgment) it was clearly established before the British Court that the foreign law or at least some part of the proceedings of the foreign Court was repugnant to natural justice.

Even should an American Court proceed on a mistaken view of English law its judgment would nevertheless be unimpeachable, for in the American Court English law is a question of fact only.

The international validity of British and

American judgment is so well established and recognized that it is difficult to give concrete instance in reported cases by way of illustration without labouring through many hundreds of volumes. The following three fairly recent cases came under my notice in the course of preparing this opinion:—

Huntington v. Attrill (1893) A. C. 150.

Perborton v. Hughes (1899) 1 Ch. 781. C. A.

Bater v. Bater (1906) P. 209.

The text-book authorities for the above statement to which reference may be made are:—

Halsbury, Laws of England, Vol. 6, page 281 et seq.

Dicey's Conflict of Laws.

Piggott's Foreign Judgments.

(Sgd.) F. C. JENKIN."

Respectfully submitted,

Manila, P. I., November 21, 1922.

ROSS & LAWRENCE,

By (Sgd.) JAMES ROSS

*Attorneys for plaintiff.*

314 Roxas Building, Manila.

On December 9, 1922, the attorneys for the defendant filed a "Memorandum in Answer to Plaintiff's Demurrer to Defendant's Answer and Counterclaim."

On December 21, 1922, the Court entered an order overruling the plaintiff's demurrer to the de-

fendant's amended answer and counterclaim.

On December 23, 1922, the plaintiff by his attorneys filed an exceptionn to the order of the Court of December 21, 1922, overruling his demurrer.

The hearing of this case having been extended to September 18, 1923, by stipulations of both parties and orders of the Court, on July 30, 1923, both parties filed the following agreed statement of facts:

**(Caption and title omitted)**

**AGREED STATEMENT OF FACTS.**

Without prejudice to the introduction of such oral and documentary evidence as either party may present at the time fixed by the Court for the trial of this case, and saving all just objections and exceptions to the admissibility of such facts, or any of them, as evidence in this case, it is hereby mutually stipulated and agreed by and between the parties, their counsel and attorneys, as follows:

1. That the defendant, Walter E. Olsen & Co., Inc., is a corporation duly organized, existing, and doing business under the laws of the Philippine Islands, having its principal place of business at the City of Manila, and that the said Walter E. Olsen & Co., Inc., is the same Walter E. Olsen & Co., Inc., referred to in the judgment of the Supreme Court of Hongkong sued on herein, a duly certified copy of which said judgment is hereto attached marked Exhibit "A", and



made a part hereof;

2. That the Supreme Court of Hongkong is a court of record of general jurisdiction, and at the time of the rendition of the judgment sued on herein (Exhibit "A") had jurisdiction over the parties to the action in which the said judgment was rendered, and of the subject-matter of the said action;

3. That the defendant Walter E. Olsen & Co., Inc., appeared and was represented by counsel in the Supreme Court of Hongkong in the action in which the said judgment (Exhibit "A") was rendered;

4. That the defendant has refused to pay to the plaintiff the amount of the said judgment, to wit, the sum of Twenty-six Thousand two Hundred Forty-four and 23-100 Dollars (\$26,244.23), Hongkong currency, equivalent to Thirty-one Thousand Ninety-nine Pesos and Forty-one Centavos (P31,099. 41), Philippine currency;

5. That Exhibit "1" attached to defendant's amended answer and counterclaim is a true copy of the decision of the Supreme Court of Hongkong, upon which the judgment referred to in the third paragraph of plaintiff's complaint was based;

6. That Exhibit "2" attached to defendant's amended answer and counterclaim is a true copy of the Deed of Transfer executed on the 25th day of January, 1919, by A. Mitchell Palmer, the duly appointed, qualified and

acting Alien Property Custodian of the United States in favor of the defendant corporation, and that the recitals contained in said Deed of Transfer were and are true, except that the Syndicat Oriente mentioned therein was formed under the laws of Belgium with its head office at Antwerp, by Articles of Agreement dated November 28, a copy of which marked Exhibit "B" is hereto attached and made a part hereof. Under the said agreement the plaintiff was the "Gerant" of the said Syndicat Oriente, and his rights and liabilities as well as those of the other parties to the said agreement to outsiders and *inter se* are governed by said articles and by the laws of Belgium which are agreed to be substantially the same as the laws of the Philippines with respect to joint accounts (*cuentas en participacion*) as provided by Articles 239-243 of the Philippine Code of Commerce. It is understood however that the defendant will raise no question in this case as to the authority of the plaintiff to maintain said action before the Hongkong Court.

7. That the Ingenohl mentioned in said Deed of Transfer as C. Ingenohl, and as Francisco Adolfo Ingenohl, is the plaintiff in this action, and was, at the time of the seizure and sale of the property mentioned in said Deed of Transfer, and from that time up to and including the time of the receipt by him from the Alien Property Custodian of the proceeds

of said sale, continued to be the "Gerant" of the Syndicat Oriente *mentioned in said Deed of Transfer*, with full power and authority to claim and receive the proceeds of said sale from the said Alien Property Custodian of the United States.

8.—That as a result of the claim made therefor, the said plaintiff for himself and as "Gerant" and general representative of the said Syndicat Oriente, on the 13th day of December, 1920, and 28th day of March, 1921, collected and received from the Alien Property Custodian of the United States, the sum of \$1,511,124.50, United States currency, being the equivalent with interest of the purchase price of the property described in said Deed of Transfer and paid to said Alien Property Custodian by the defendant corporation, and the said plaintiff then and there issued to the said Alien Property Custodian of the United States two receipts, copies of which marked Exhibits "C" and "D" are hereto attached and made a part hereof; that neither the plaintiff nor the Syndicat Oriente has at any time either orally or in writing ratified consented to or agreed to the action of the Alien Property Custodian in selling the property described in the said Deed of Transfer, other than as may be deduced from the action of the said plaintiff in making claim for and receiving the proceeds of the said property, and the plaintiff reserves the right to contend

and does contend that such action on his part did not and does not constitute a ratification of said sale.

9.—That at the time of the conveyance of said property by the Alien Property Custodian of the United States to the defendant corporation and for many years previous and subsequent thereto, and up to the time of the rendition by said Supreme Court of Hongkong of the judgment (Exhibit "A"), China, the Colony of Hongkong, the Federated Malay States and Straits Settlements, were among the markets in which the output of the cigars manufactured in the cigar factory known previous to its conveyance to the defendant corporation as "El Oriente Fabrica de Tabacos", and that among the Trade Marks and Trade Names under which such cigars were sold in those markets by the plaintiff previous to said conveyance, and by the defendant subsequent thereto were "La Perla del Oriente", "El Cometa del Oriente" and "Imperio del Mudo."

10.—That at the time of rendering the decision and entering the judgment (Exhibit "A"), the said Supreme Court of Hongkong had before it and under consideration said Deed of Transfer executed by the Alien Property Custodian in favor of the defendant corporation and facsimiles of the Trade Marks and Trade Names under which the output of both the Manila cigar factory and the Hong-

kong factory hereinafter mentioned had been sold in Hongkong and the other markets mentioned, and had also before it and under consideration the admission of the plaintiff that he had received the proceeds of said sale by the Alien Property Custodian to the defendant corporation as evidenced by said Deed of Transfer. That said action in Hongkong was instituted on the 9th day of October, 1919.

11.—That the facsimile of one of the Trade Marks or labels presented as evidence to said Supreme Court of Hongkong depicted among other things the head and shoulders of a Filipina woman in a yellow *camisa*. The picture is surrounded with green leaves and pink flowers. Above is a scroll with the words "La Perla Oriente" printed on it and underneath is another scroll with the words "El Oriente Fabrica de Tabacos, Sociedad Anonima Manila". That a facsimile of said trade marks or label marked Exhibit "E" is hereto attached and made a part hereof.

12.—That subsequent to the transfer of said trade-marks and trade-names by the said Sociedad Anonima to the said plaintiff Ingenohl as hereinafter set forth, the words on the scroll at the foot of said label mentioned in the preceding paragraph were changed to "El Oriente Fabrica de Tabacos, Manila", as shown by the facsimile hereto attached, marked Exhibit "F" and made a part hereof.

13.—That the facsimile of another Trade

Mark or label likewise presented as evidence to the said Supreme Court of Hongkong in *part depicted a Filipina woman* dressed in a red skirt and loose yellow *camisa*, holding in the left hand by its cover an open cigar box full of cigars, her right hand resting on a Spanish coat of arms. Above are printed the words "La Perla del Oriente". The Spanish coat of arms is the Royal Coat of Arms of Spain. Underneath the said arms are the obverse and reverse of three Medals. On one of the Medals it is stated on the reverse to have been awarded to "El Oriente Fabrica de Tabacos, Manila". The buildings in the back ground are the Towers of the Dominican Church (Walled City), Manila and the high column is the Magallanes Monument, Manila. That a facsimile of said trade mark or label marked Exhibit "G" is hereto attached and made a part hereof.

14.—Another fascimile of a Trade Mark and Trade Name also presented as evidence to the said Supreme Court of Hongkong depicts the old Bridge of Spain across the Pasig River at Manila, showing in the back ground the Old Stone Wall of the Walled City, Manila and the Dominican Church, Magallanes Monument, Intendencia building and the Church Towers of the Walled City of Manila and above several Stars and a Comet, on the Tail of which appear the words "El Cometa del Oriente," That a copy of said trade mark or label marked Exhibit "H" is hereto attached

and made a part hereof.

15.—That it further appeared upon the trial of said action in the said Supreme Court of Hongkong, and it is stipulated to be true, that between the years 1882 and 1905, El Oriente Fabrica de Tabacos Sociedad Anonima (hereinafter referred to as the Sociedad Anonima) carried on business as manufacturers of cigars and cigarttes at Manila, Philippine Islands, and made use in connection with the sale of its output throughout the Far East of the Trade Marks which are in dispute in this action. That the head office of the said Sociedad Anonima was at Antwerp, Belgium.

16.—That on or about the 21st day of April, 1906, the said Sociedad Anonima, being then in liquidation, transferred all of its business interests and assets together with the goodwill thereof and Trade Marks and trade names of said Sociedad Anonima wherever in use (including the Trade Marks and trade names in dispute in this action), to the plaintiff. That said transfer was effected by means of an instrument in writing, a copy of which is hereto attached marked Exhibit "J". That plaintiff as Gerant of said Syndicat Oriente which had been organized in the meantime for that purpose, carried on business in the Philippine Islands and throughout the Far East under the style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" (hereinafter referred to as El Oriente Fabrica

de Tabacos).

17.—That in the year 1908 the plaintiff as Gerant of said Syndicat Oriente, opened the said Hongkong factory for the manufacture and sale of cigars which were composed, in part, of tobacco supplied by El Oriente Fabrica de Tabacos in the Philippine Islands, and, in part, of tobacco wrapper imported from Java. That subsequent to the establishment of the said Hongkong factory its output was sold throughout the Far East (except in the Philippine Islands) concurrently with the output of the Manila factory under the trade marks and trade names in question, except that on one of the outside labels of each box or package containing the output of the said Hongkong factory there appeared the words "El Oriente Fabrica de Tabacos Hongkong, Sucursal de la Fabrica en Manila." That a facsimile of one of said covering labels marked Exhibit "I" is hereto attached and made a part hereof.

18.—That the only factory belonging to the said Sociedad Anonima of Antwerp was the Manila factory, and the only factory belonging to the plaintiff personally or as Gerant of the Syndicat Oriente was the said Manila Factory up until the time of the establishment of the said Hongkong Factory, and thereafter the only factories owned by the plaintiff or the said Syndicate Oriente were the said Manila and Hongkong factories.



19.—That the said Trade Marks which are in dispute in this action were registered in the Philippine Islands in the years 1884-1887 as the property of the said Sociedad Anonima and registration thereof in the Philippine Islands of said property was renewed in the year 1902.

20.—That the said Trade Marks were subsequently in the year 1903 registered on the Hongkong Register of Trade Marks as the property of the said Sociedad Anonima.

21.—That on or about April, 1906, the assignment of the said Trade Marks to El Oriente Fabrica de Tabacos was registered in the Philippine Islands and in February, 1910, said Trade Marks were assigned on the Hongkong Register with the knowledge and authority and by direction of the plaintiff to the name of the said Syndicat under its said style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" as the Proprietor of the said Trade Marks.

22.—That for many years prior to the sale by the Alien Property Custodian of the said trade-marks and trade-names, the same were registered in various countries as follows:

In France, Australia, New Zealand, Shanghai and Hongkong in the name of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila", seven registrations in Belgium, six of which are in the name of "El Oriente Fabrica

de Tabacos, Antwerp" represented by its manager C. Ingenohl. The seventh registration is of "Imperio del Mundo, C. Ingenohl, Manila."

In the English registrations the name is "Carl Ingenohl, Managing Director of and on behalf of El Oriente Fabrica de Tabacos, Sociedad Anonima, Antwerp, Belgium, and Manila, Philippine Islands."

There is but one American registration and that is of "El Cometa del Oriente", Carl Ingenohl", giving his address at Antwerp and also conducting business under the trade name of "El Oriente Fabrica de Tabacos at 124 San Pedro Street, Manila, Philippine Islands."

The registration for Java and Sumatra reads "El Oriente Fabrica de Tabacos, C. Ingenohl."

The German registration is "El Oriente Fabrica de Tabacos, Sociedad Anonima, Emil Schoett", and one subsequent registration with the name of C. Ingenohl substituted for Schoett, but counsel for the defendant objects to the consideration of such registration as wholly immaterial and for the further reason that the defendant as purchaser of the factory and business known as "El Oriente Fabrica de Tabacos, C. Ingenohl Manila", succeeded to all of the latter's rights under said registration.

23.—That the said plaintiff on the 13th day of March, 1917, renewed the registration

of the said Trade Marks on the Hongkong Register for a further period of fourteen years from the 15th of April, 1917, in the name of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila," Proprietor.

24.—That from the time of the establishment of said factory in Manila by the plaintiff, until the present time, approximately 95% of the output thereof has been exported.

25.—That on or about the 28th day of May, 1919, the said Trade Marks and Trade Names known as La Perla Del Oriente and El Cometa del Oriente were registered at Shanghai in the name of the defendant corporation for all of China, with the exception of the Colony of Hongkong which is British Territory and where separate registration proceedings were and are required. The plaintiff had no knowledge of the registration of the said Trade Marks at Shanghai until requested by the defendant to enter into this stipulation of facts, and the plaintiff does not concede the validity of the said registration nor waive his right to take any action with respect thereto which he may deem suitable or proper.

The said Trade marks and Trade Names have been registered in the name of said Syndicat Oriente under its said style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" at the Shanghai Custom House since January, 1907.

26.—That the registrations referred to in the last preceding paragraph by both the plaintiff and defendant were made in the same manner.

27.—That the plaintiff at the time of the acceptance from the Alien Property Custodian of the proceeds of the sale of said property knew that the defendant corporation had been, ever since the purchase of said property, selling the product of said factory under said Trade Marks and Trade Names in all of said markets hereinbefore mentioned.

28.—That proceeds obtained by the Alien Property Custodian from the sale made by him as aforesaid were received by the plaintiff after the commencement of the action resulting in the judgment sued on herein, but prior to the rendition of the said judgment.

29.—That the jurisdiction of the said Supreme Court of Hongkong was and is limited to the Colony of Hongkong.

30.—That ever since the rendition of said judgment by the said Supreme Court of Hongkong, the plaintiff through its Solicitors, agents and representatives has been and still is causing to be inserted in the leading newspapers of China, the Federated Malay States, and the Straits Settlements articles notifying the public of the rendition of said judgment, asserting the plaintiff's exclusive right to the use of said Trade Marks and Trade Names in said countries, and threatening to

take legal proceedings against any person, firm or corporation having in their possession for sale, cigars bearing the said Trade Marks and Trade Names which are not manufactured by the plaintiff in said Hongkong factory, and also causing notices of the same character to be given to the dealers in said countries in the cigars manufactured by defendant in said factory at Manila and sold in said countries under said Trade Marks and Trade Names.

31.—That all of the articles published in newspapers of the various countries mentioned and the notices given to the dealers in defendant's cigars were in substantially the same from; that Exhibit "3" of defendant's amended answer is a copy of a notice which the plaintiff caused to be published in the Singapore Free Press on July 11, 1922, and that Exhibit "4" of the same answer is a true copy of a notice which the plaintiff caused to be published in the North China Daily News at Shanghai on July 3, 1922, and Exhibit "5" of the same answer is a true copy of a personal notice which the plaintiff caused to be given to one of the dealers in defendant's cigars dated August 22, 1922.

The foregoing admissions of fact are made on the part of plaintiff with the following reservations:

1. That the plaintiff objects to the admission in evidence and consideration by the

Court of the facts set forth in paragraphs 6 to 31 inclusive, on the following grounds:

(a) That this Honorable Court has no jurisdiction to revise or review the judgment (Exhibit "A") of the Supreme Court of Hong-kong;

(b) That no evidence should be received in support of the defendant's answer and counterclaim, for the reason that the same do not state facts sufficient to constitute a counterclaim or defense;

(c) That the facts set forth in the said paragraphs 6 to 31, inclusive, are incompetent, irrelevant, and immaterial as evidence in this case.

2. That the admissions of fact set forth in the said paragraphs 6 to 31, inclusive, are made for the purposes of this case only, and are not to be used against the plaintiff or defendant for any other purpose or on any other occasion.

Manila, P. I., July 30, 1923.

ROSS, LAWRENCE & SELPH,  
By J. ROSS,  
*Attorneys for the Plaintiff,*  
315 Roxas Building, Manila.

GIBBS & McDONOUGH,  
By A. D. GIBBS,  
*Attorneys for the Defendant,*  
302 Roxas Building, Manila.

**Exhibit A**

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Colony of Hongkong	}	88
City of Victoria		
Consulate General of the		
United States of America		

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I, WILLIAM HOLT GALE, Consul General of the United States of America in and for the Consular district of Hongkong, duly commissioned and qualified, do hereby certify that the signature of W. Rees Davies, Chief Justice, upon the certificate hereto attached is the true and lawful signature of W. Rees Davies, Chief Justice of the Supreme of Hongkong, verified by the seal of the said Court, and is known to me to be such; and that the signature of Hugh A. Nisbet, Registrar of the Supreme Court of Hongkong to the certificate attached to the copy of Judgment, hereto attached, is the true and lawful signature of the said Hugh A. Nisbet and is known to me to be such; and I further certify that the said Hugh A. Nisbet as Registrar of the Supreme Court is authorized to issue copies of the records of the Supreme Court of Hongkong and to certify to the true character of such copies.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Consulate General of the United States of

America this fifth day of August, 1922.  
(SEAL)

(Sgd.) WILLIAM H. GALE  
*Consul General of the United  
States of America.*  
(\$2 stamp)

IN THE SUPREME COURT OF HONGKONG  
ORIGINAL JURISDICTION  
ACTION No. 177 of 1919

Between Carl Franz Adolph Otto Ingenohl  
Plaintiff

and

Walter E. Olsen & Co. Incorporated and the  
Registrar of Trade Marks of the Colony of  
Hongkong Defendants

I, SIR WILLIAM REES DAVIES, Chief  
Justice of the Supreme Court of Hongkong  
HEREBY CERTIFY that Mr. Hugh A. Nis-  
bet is the Registrar of the Supreme Court of  
Hongkong and is the legal keeper of the Rec-  
ords of Judgments of the Supreme Court of  
Hongkong.

I FURTHER CERTIFY that his signature  
to the Certificate dated 5th day of August,  
1922 attached to the certified Judgment in  
the above Action dated the 5th day of May,  
1922, is his signature and that his Certificate  
also dated the 5th day of August, 1922, also  
attached to the said Judgment in the above  
Action is his signature.

I FURTHER CERTIFY that the said Hugh



A. Nisbet is the Taxing Officer of the Supreme Court of Hongkong and that his Certificate in this respect also dated the 5th day of August, 1922, is in due form.

Dated the 5th day of August, 1922.

(Sgd.) W. REES DAVIES  
*Chief Justice.*

5.-8.-22

(SEAL)

IN THE SUPREME COURT OF HONGKONG  
ORIGINAL JURISDICTION  
ACTION NO. 177 OF 1919

Between Carl Franz Adolph Otto Ingenohl  
Plaintiff

and

Walter E. Olsen & Co., Incorporated and the  
Registrar of Trade Marks of the Colony of  
Hongkong Defendants

*Dated and entered the 5th day of May, 1922.*

This action having come on for trial on the 16th, 17th, 28th, 29th and 30th days of March and on the 3rd, 10th, 12th, 13th and 19th days of April, 1922 and upon hearing Counsel for the Plaintiff and the first Defendants and the evidence produced by them  
IT IS THIS DAY ADJUDGED.

1. That the Plaintiff is the sole Proprietor of the Trade Marks and Trade Names the subject matter of this action (true copies of which Trade Marks and Trade Names are attached hereto) and is entitled to the ex-

clusive use of the said Trade Marks and Trade Names in connection with his business as a Cigar Manufacturer.

2. That the first Defendants their servants agents or others acting under their control, directions or instructions be restrained from selling or exposing for sale or procuring to be sold any cigars in boxes or packages bearing thereon thereto or therein the said Trade Marks and Trade Names and from using any labels or stamps or advertisements so contrived or expressed as by colodrabable imitation or otherwise to represent or lead to the belief that the cigars sold by the first Defendants are the cigars manufactured by the Plaintiff and sold by the Plaintiff under the said Trade Marks and Trade Names.

3. That an account be taken, that is to say, an account of the profits made by the first Defendants their servants or agents or other persons acting under their control in the selling or disposing of cigars made by or for the first Defendants and labelled with or in any way bearing the Trade Marks or Trade Names complained of and that the first Defendants shall within fourteen days after the date of the Registrar's Certificate to be made pursuant to the taking of such account pay to the Plaintiff the amount which upon taking such account shall be certified to be payable by the first Defendants to the Plaintiff in respect thereof.

4. That the first Defendants do deliver up upon oath or (at the Plaintiff's option) destroy all documents articles and things in their possession or power or under their control which offend against the foregoing injunctions AND IT IS FURTHER ADJUDGED that the Plaintiff do recover against the first Defendants his costs of action on the claim and counterclaim up to and including the trial including the costs of the second Defendant. The question of the costs of this action incurred subsequent to the trial and settling of this Judgment are reserved, and either of the parties are to be at liberty to apply as they may be advised.

The above costs have been taxed and allowed at \$26,244.23 as appears by the Registrar's Certificate dated the 30th day of June, 1922.

(Sgd.) C. WILLSON,  
*Deputy Registrar.*

(L. S.)

I, the undersigned, Registrar of the Supreme Court of Hongkong, DO HEREBY CERTIFY the foregoing to be a full, true and correct copy of the Judgment entered in the above action.

Dated this 5th day of August, 1922.

(Sgd.) HUGH A. NISBET  
*Registrar.*  
(SEAL)

I, the undersigned, Registrar of the Supreme Court of Hongkong, DO HEREBY FURTHER CERTIFY that the above mentioned costs were on the 30th day of June, 1922 taxed and allowed by me personally at \$26,244.23.

Dated this 5th day of August, 1922.

(Sgd.) HUGH A. NISBET  
Registrar.  
(SEAL)

### Exhibit B

#### *Syndicate Oriente.*

The persons and firms hereinafter mentioned under article 4 and those that may hereafter join as members, organized between themselves, to begin with November 28, 1905, an *association en participation*, governed by the Belgian laws, under the denomination of "Syndicate Oriente". The domicile of this association shall be at Antwerp, in the office of the Manager. Aside from the Belgian laws, the following articles shall govern this syndicate:

*Object, life, capital stock, and shares of stock.*

Art. 1. The object of this stock company is the acquisition of all the assets and at the same time the assumption of the liabilities of the *sociedad anónima*, El Oriente, Fábrica de Tabacos, the continuation of the same business in which that company was engaged and, generally, the transaction of all business in

connection with the tobacco trade and manufacture, without any limitation as to country, and, likewise, the sale of all or part of the property, goods, business or other assets of this stock company.

Art. 2. The life of the company shall be for thirty years, begining with November 28, 1905, and ending on November 28, 1935; on the latter date it shall be renewed to the full extent of the law for another term of thirty years, and so on successively every thirty years, saving objections filed by any of the members at the domicile of the company by registered letter, mailed at least six months before the expiration of the thirty years' term.

Art. 3. The capital of the company is fixed at Frs. 1,400,000. It shall not be increased or diminished except at the request of the manager and with the consent of the Board of Directors. None of the stockholders shall be allowed to withdraw his stock, but the manager, with the concurrence of the Board, shall have the right to refund to the stockholders the pro rata share of their stock of such sums as he may deem to be no longer necessary for the business. These reimbursements shall be considered capital reibursements and can not be claimed again from the stockholders.

Art. 4. The capital stock is represented by 1400 shares of Frchs. 1,000.—each, to wit:

	<i>Shares</i>
Mr. C. Ingenohl, at Bonn, Coblenzartr 125 .....	200
" E. Davidis, at Antwerp, Place de Meir 49 .....	5
" Ad. Davidis, at Antwerp, Place de Meir 49 .....	5
" The Hermann, at Antwerp, rue van Schoonbeke 33 .....	10
" Rich. Bocking, at Antwerp, rempart Kipdorp 48 .....	50
" W. Wissmann, at Cassel, Kaiserplatz 32 .....	30
" Arnold Germann, at St. Gall ....	50
" Wilh. Theod. Meyer, at St. Gall, Rosenbergstr. 102 .....	34
" G. P. Stander-Meyer, at St. Gall, Zwinglistr. ....	10
" Prof. Dr. Hans Meyer-Meyer, at St. Gall, Museumstr. 29 .....	8
" Oscar Meyer-Messmer, at Zurich II, Breitingstr. 5 .....	16
" César Victor Meyer, at Manchester, 52 Barlow Moor Road, Chorlton cum Hardy .....	12
" A. Hippolyt Mayer, at St. Gall ..	20
" Ad. Engler-Wirth, at St. Gall..	10
" Eugen Ritter, at St. Gall .....	10
" Hermann Naeher, at Lindau....	40

"	Eduard A. Keller-Sturcke, at Zurich .....	10
"	W. Edelmann, at Zurich .....	10
"	Carl A. Mayer-Dahen, at Constanz. ....	10
"	C. Ingenohl, at Antwerp .....	860
Total.....		1,400

These shares are represented by certificates signed by the manager and setting forth the payment of the investment made. The stockholders shall not in any case be required to pay more than their shares above set forth. They shall have no liability with regard to any third person, the manager or managers being alone liable to any such third persons. The capital shall not be increased except by the issue of new shares; these shall be offered in the first place to the existing stockholders, in proportion to their former holdings. The right of preference not made used of by a stockholder shall not devolve upon the other stockholders, so that the eventual value above par shall be for the benefit of the company. If all stockholders agree to increase their holdings, the increase of the capital may be effected by a proportional increase of all shares of stock.

The increases and decreases of the face value of the shares of stock shall be annotated by the management on the stock certificates.

Art. 5. Any stockholder desiring to transfer his share or shares shall be required to forward his certificate to the manager, advising him what person or persons take up his share or shares, and it shall be the duty of the manager to deliver to him the certificate or certificates for the new stockholder or stockholders, who shall first state their conformity with these articles. It shall be the duty of the manager to make all transfers of fully-paid shares; transfers cannot be made except of entire shares, and each share can have but one owner, whether a person, a firm, or an association. At the domicile of the company there shall be kept a register of the holders of the shares of stock; every transfer of shares shall be recorded in this register and signed by the manager and the transferor or his delegate; the entries in this register shall alone constitute any title as against the company or its manager; hence any stock certificate the loss or theft of which have been sufficiently demonstrated to the manager, in his discretion, may be replaced by the latter without the company or the manager incurring any liability arising from the issuance of this certificate in case holders of different certificates for the same shares should subsequently appear.

Art. 6. All owners of shares of stock of the



present "Syndicat Oriente" shall be governed by these articles. Neither they, nor their heirs, nor their creditors may under any pretext demand the embargo of the property or assets of the syndicate nor meddle with its administration. The business is managed by the manager or managers and supervised and controlled by the Board, and stockholders can not impose their will except at stockholders' meetings and must in all cases submit to the majority.

*Management, Board.*

Art. 7. All the business of the syndicate is transacted by a manager or several managers in his or their names, and under the supervision of a board of three members. The managers and board members shall be appointed by the stockholders assembled in meeting at Antwerp and their appointments shall be revocable by said meeting.

The provisions of this article to the contrary notwithstanding, Mr. Carl Ingenohl, a merchant at Antwerp, is designated as manager during the entire existence of the company, saving the provisions of article 8; he accepts these functions.

Art. 8. The appointment of the manager can always be revoked by the majority at a stockholders' meeting at which at least three-fourths of the shares are repre-

sented. In case of the revocation or resignation of the manager, it shall be the duty of the latter to transfer all the assets and liabilities of the syndicate to such person or persons, and within such time and subject to such conditions, as the said stockholders' meeting may determine.

Art. 9. The manager has the most ample powers for the transaction of the business of the syndicate, subject to the limitations of the stipulations of article 1, concerning the aim and object of the company; he can use the funds of the syndicate only for the business of the same. However, prior to undertaking any important operations, it shall be his duty to refer the matter to the Board, and if the latter disapproves, he shall abstain therefrom. The manager shall employ the necessary personnel, fix the compensation thereof, and give them such powers as he may deem useful. He shall keep the accounts of the Syndicate in special books which shall be at all times open to the Board, but which shall not be removed. The same applies to the correspondence and to all the documents or deeds of the Syndicate.

Art. 10. The terms of office of the members of the Board shall be for five years and shall be renewed to the full extent upon

their expiration, unless the majority at a stockholders' meeting shall appoint a substitute or substitutes. The provisions or articles 7 and 10 to the contrary notwithstanding, the following are appointed members of the Board: Mr. Carl Heinrich Ingenohl, capitalist at Bonn, whose term of office shall expire on occasion of the general stockholders' meeting passing upon the accounts of the fiscal year 1906; Mr. Arnold Germann, merchant at St. Gall, whose term of office shall expire on occasion of the general stockholders' meeting passing upon the accounts of the fiscal year 1907; Mr. Adolf Davidis, merchant at Antwerp, whose term of office shall expire on occasion of the general stockholders' meeting passing upon accounts of the fiscal year 1908.

Art. 11. The members of the Board shall elect from their midst a chairman. In case of the death, temporary incapacity or resignation of any member of the Board, the two other members shall, with the concurrence of the manager or managers, designate a temporary substitute until the next general stockholders' meeting, unless they shall prefer to call such meeting immediately for the election by the same of a permanent substitute.

In case of the death, temporary in-

capacity or resignation of the manager or any of the managers, the Board shall as soon as practicable call a stockholders' meeting for the designation of his successor. Until the business has been turned over to the new manager, the heirs or mandataries of the deceased shall be required to act in conformity with the instructions of the Board.

Art. 12. The Board shall meet at the call of one of its members or of the manager or one of the managers. The Board has an unlimited right of supervision and control over all the operations of the company, but has not the right to manage the business, except in the case covered by the last paragraph of article 11 and the right of veto provided for in article 9.

Art. 13. The manager or managers shall have a fixed salary payable from the general expense account and a commission on the profits, to be computed in accordance with article 22. The fixed salary and commission shall be agreed upon between the manager and the Board. The provisions of the foregoing paragraph to the contrary notwithstanding, Mr. Ingenohl waives a fixed salary and his commission is fixed at 15%. However, if the successful operation of the business demands that Mr. Ingenohl

go to the Far East and it suits him to make the voyage which shall never be obligatory for him, the Board shall come to an agreement with him concerning a special compensation, without, however, his commission being increased or diminished.

The members of the Board shall not have fixed salaries, but each shall have a commission on the profits of 1% to be computed as indicated in article 22. If the members of the Board have to travel in the performance of their duties, they shall be entitled to the payment of the expenses of their travel and stay. They are not obliged to leave Europe in the exercise of their functions of control, as the Board has the right to delegate a competent person to exercise such control in their place and stead in countries outside of Europe. The compensation and expenses of this delegate shall be payable by the Syndicate and chargeable to its general expenses.

*Stockholders' Meetings.*

Art. 14. A general stockholders' meeting shall be called once each year. The purpose of this meeting shall be the discussion and approval of the balance-sheet and the appointment of members for the Board, if any, and the discussion of any business on the order of the day.

This general meeting shall be held on the last Tuesday of June of each year, unless the manager, with the concurrence of the Board, shall fix another day. The absence of the stockholders from this meeting shall be considered as acquaintance of the manager or managers and as approval of their recommendations with regard to the use of the profits, if such acquaintance and use are voted by the majority of the shares of stock represented at the meeting.

Art. 15. The Board of the manager or managers may, whenever they see fit, call a special meeting of stockholders; they are obliged to so whenever any stockholder or stockholders representing together one-fifth of the capital request it.

Art. 16. All stockholders shall be summoned to general or special meetings by registered letters sent at least fifteen days before the meeting. These letters shall state the order of the day, and calls for general meetings shall be accompanied by the balance-sheet of the preceding fiscal year, with a report of the manager or managers containing his or their recommendations relative to the use of the profits, and a report of the Board.

Art. 17. The chairman of the Board presides the meeting; he chooses a secretary and a teller, who shall, together with him,

constitute the presiding board and sign the minutes.

The meeting cannot adopt any resolution with regard to a subject not included in the order of the day.

The stockholders' meeting represents the entire body of the stockholders; its decisions are binding, even upon the stockholders who have not attended. Stockholders prevented from being present may have other stockholders represent them by appointing their proxies in writing and submitting such appointments to the chairman of the Board at least three days before the meeting.

Each stockholder has as many votes as he owns or represents shares. However, nobody shall vote for more than two-fifths of the shares represented at the voting. The managers shall likewise be entitled to vote the stock owned or represented by them.

The meeting decides by a majority of the votes represented; in case of a tie, the president shall cast the deciding vote. This majority vote represents the supreme will of the Syndicate, but it can not impose upon the managers, against their will, any engagements or undertakings that do not suit them, and the meeting will always consider that the managers are personally bound with re-

gard to third persons, which is not the case with the stockholders.

- Art. 18. As regards its vote on the balance-sheet, the acquittance to be given to the manager, and the appointment of board members, the general stockholders' meeting is regularly constituted whatever may be the number of stockholders present or represented. For amendments of the by-laws, one-half at least of the stock must be represented at the meeting. If this is not the case at a first meeting held, another meeting shall be called, the action of which shall be binding, regardless of the number of shares of stock represented, but only with regard to matters on the order of the day of the first meeting.

*Balance-sheet, Distribution of Profits.*

- Art. 19. The fiscal year of the company begins on January first and ends on December thirty-first. As an exception, the first fiscal year of the Syndicate shall compromise the period from the date of its organization to the 31st of December, 1905.
- Art. 20. Each year the manager or managers shall prepare the balance-sheet for the preceding fiscal year and shall submit the same to the Board on or before May 20, accompanied by a report containing his or their recommendations



regarding the use of the profits.

**Art. 21.** The Board shall examine the balance-sheet and the report and shall submit its own report to the managers on or before June 7. The latter shall forward a copy of this report of the Board, and copies of the balance-sheet and of their report with the call for the general stockholders' meeting, by registered mail to all the stockholders of the Syndicate. However, the Board has the right to send its report direct to the stockholders' and may do the same with any other communication, as it may deem proper.

**Art. 22.** From the net profits as shown by the balance-sheet, there shall be deducted:

1. Five per centum for the reserve; after the reserve amounts to one-tenth of the capital, this deduction shall not be made.

2. The sum required to pay to the stockholders a first dividend of five per centum on the par value of their shares.

From the surplus there shall be paid:

The one per cent commission to each member of the Board. The commission of the manager or managers, fixed by the Board.

The commissions of the submanagers or other persons, if any, fixed by

common agreement of the Board and the managers.

All these commissions shall not exceed a total of twenty-five per centum.

The stockholders' meeting shall determine the disposition to be made of the remainder of the profits, after hearing the recommendations of the managers.

Art. 23. Unless the meeting shall, in accord with the managers, designate another date, said managers shall forward the dividends for the preceding year to the stockholders on July 1, and it shall be the duty of said stockholders to give a receipt therefor.

Art. 24. A copy of these articles, signed by the manager or managers, shall be kept in the custody of the chairman of the Board, and all stockholders shall receive a copy, also signed by the manager or managers, and all stockholders shall sign a copy and forward the same to the management.

Manila, P. I., April 2, 1919.

I hereby certify that the above is, to my best knowledge and belief, a true and correct translation of its original in the French language.

LEO FISHER,  
*Translator.*

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**Exhibit C**

RECEIPT OF A PERSON CLAIMING ANY INTEREST, RIGHT OR TITLE IN OR TO MONEY OR PROPERTY ON CLAIM FILED UNDER SECTION 9 OF THE "TRADING WITH THE ENEMY ACT".

Trust No. 50101.

Claim No. 3099.

WHEREAS, pursuant to the provisions of Section 9 of the Act of Congress known as the "Trading with the Enemy Act", and the regulations of the Alien Property Custodian in relation thereto, Charles Ingenohl has heretofore filed with the Alien Property Custodian notice of claim against the money and property in the hands of said Custodian or the Treasurer of the United States taken as the property of C. INGENOHL, determined by said Custodian to be an enemy, and has also made application to the Attorney General of the United States for the allowance of said claim under the authority conferred on said Attorney General by Article XXXII of the Executive Order of October 12, 1917;

WHEREAS, the Attorney General, exercising the authority so conferred, has ordered the payment of the money or delivery of the property hereinafter described to said Charles Ingenohl;

NOW, THEREFORE, in consideration of the premises, the International Banking Corporation, of the City of New York, State of New York, as attorney-in-fact for said Charles In-

genohl, does hereby acknowledge payment of the money or delivery of the property to it by the Alien Property Custodian and the Treasurer of the United States, as follows, to wit:

Check of the Treasurer of the United States, No. 2538 for Two hundred Ninety-seven Thousand Six Hundred Forty-one and 19/100 Dollars (\$297,641.19), payable to the order of International Banking Corporation, as attorney-in-fact for Charles Ingenohl;

And the following described Bonds:

Eight Thousand Dollars, (\$8,000.00)  
The Chicago, Rock Island and Pacific Railway Company, First and Refunding Mortgage Gold Bonds, interest four per cent annum; due April 1st, 1934; interest payable April 1st, and October 1st; April 1919 and subsequent coupons attached; said bonds being numbered 61594, 61595, 61596, 61597, 61598, 61599, 61600 and 63217, respectively, and each of the same being for \$1,000.00

AND the said International Banking Corporation, attorney-in-fact for the said Charles Ingenohl, does hereby release and forever discharge the President of the United States, the Treasurer of the United States, A. Mitchell Palmer, individually and as Alien Property Custodian, Francis P. Gravan, individually and as Alien Property Custodian, District National Bank, Washington, D. C., Depository, and all other persons exercising

the authority of them or of any of them from any and all rights, claims and demands of every kind, character and description, whether joint or several, which the said Charles Ingenohl may have, based upon or arising out of any and all money or other property paid to or received by the Alien Property Custodian or by the Treasurer of the United States as the money or other property owing or belonging to, or held for, by, on account of, or on behalf of, or for the benefit of the said CHARLES INGENOHL, save and except such property as is embraced in or covered by Claim No. 3098, filed by said Charles Ingenohl with the Alien Property Custodian; and without limiting the generality of the foregoing, the said International Banking Corporation, as said attorney-in-fact, does further release and forever discharge them in respect to anything done or omitted in pursuance of any order, rule or regulation made by the President under the authority of said act.

IN TESTIMONY WHEREOF, the said International Banking Corporation has caused this receipt and release to be signed and its corporate seal to be hereto affixed by its Vice-President, at the City of New York, in the State of New York, on the 13th day of Dec. A. D. 1920.

INTERNATIONAL BANKING CORPORATION

By (Signed) L. I. SHARP.

(SEAL)

WITNESSS

(Signed) R. M. JONES

*Secretary.*

(Signed) N. W. CURRIE

STATE OF NEW YORK }  
COUNTRY OF NEW YORK } ss.

Be it remenbered that on the 13th day of December, A. D., 1920, before me personally came L. I. Sharp, Vice-President of the International Banking Corporation, who is known to me to be the person whose name is signed to the foregoing receipt and release, who, being by me duly sworn, deposes and says that he is Vice-President of the said International Banking Corporation, that he knows the corporate seal of said corporation, that the seal affixed to the said receipt and release is the corporate seal of said corporation, that it was affixed by order of said corporation, and that he signed his name to said receipt and release by like order, as Vice-President of said corporation; and acknowledged that he executed and delivered the said receipt and release as his free and voluntary act for the uses and purposes therein set forth, and that the said corporation also executed said receipt and release as its free and voluntary act for the uses and purposes therein set forth.

In witness whereof I have hereunto set my hand and official seal this 13th day of

December A. D. 1920.

(Signed) CHARLES SAGER.

(SEAL)

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**Exhibit D**

RECEIPT OF A PERSON CLAIMING ANY INTER-  
EST, RIGHT, OR TITLE IN OR TO MONEY OR  
PROPERTY ON CLAIM FILED UNDER  
SECTION 9 OF THE "TRAD-  
ING WITH THE ENE-  
MY ACT"

Trust No. 50181.

Claim No. 5787.

WHEREAS, pursuant to the provisions of Section 9 of the Act of Congress known as the "Trading with the Enemy Act", and the regulations of the Alien Property Custodian in relation thereto, the undersigned has heretofore filed with the Alien Property Custodian notice of claim against the money and property in the hands of said Custodian or the Treasurer of the United States taken as the property of EL SYNDICATE ORIENTE determined by said Custodian to be an enemy, and has also made application to the Attorney General of the United States for the allowance of said claim under the authority conferred on said Attorney General by Article XXXII of the Executive Order of October 12, 1917;

WHEREAS, the Attorney General, exercising the authority so conferred, has ordered the payment of the money or delivery of the

property hereinafter described to his application;

NOW, THEREFORE, in consideration of the premises, I, the undersigned, do hereby acknowledge payment of the money or delivery of the property to me by the Alien Property Custodian and the Treasurer of the United States, as follows: to wit:

(insert here a complete list of the property returned)

Check of the Treasurer of the United States No. 3675 for the sum of One Million, two hundred Sixty-Two Thousand, Nine hundred Eighty-three Dollars and Twenty-one Cents, (\$1,262,983.21) drawn in the name of Victor Soyer as attorney-in-fact for Charles Ingenohl, from the account of El Syndicate Oriente, Trust No. 50181. also 1—\$500. 4th U. S. Liberty Loan 4-1/2% Bond and 2—1000. 4th U. S. Liberty Loan 4-1/2% Bonds, all with April 15, 1921 et seq. coupons attached.

And I do hereby further acknowledge and accept such money or other property as a full compliance with said order, to the extent of the said sum of \$1,262,938.21, and Liberty Bonds \$2500.

IN CONSIDERATION of the premises, I do hereby release and forever discharge the President of the United States, the Treasurer of the United States, A. Mitchell Palmer, individually and as Alien Property Custodian, Tho-



mas W. Miller, individually and as Alien Property Custodian, and all other persons exercising the authority of them or of any of them from any and all rights, claims and demands, of every kind, character and description, whether several or joint, which I may have, based upon or arising out of any and all money or other property paid to or received by the Alien Property Custodian or by the Treasurer of the United States as the money or other property owing or belonging to, or held for, or on account of or on behalf of, or for the benefit of EL SYNDICATE ORIENTE and without limiting the generality of the foregoing, I do further release and forever discharge them in respect to anything done or committed in pursuance of any order, rule or regulation made by the President under the authority of this Act, reserving to claimant the right to receive interest on same when and if Congress shall provide for same.

WITNESS my hand and seal, at Washington, D. C., the twenty-eighth day of March, 1921.

CHARLES INGENOHL.

By v. SOYER (Sgd) *Attorney in fact.*

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**Exhibit E**

This exhibit is a facsimile of a trade mark or label. The head with the shoulders of a Filipina woman in yellow camisa is depicted among other things. The picture is surrounded with green leaves and pink flowers. Above is a scroll with the words "LA PERLA DEL ORIENTE" printed on it and underneath is another scroll with the words "EL ORIENTE FABRICA DE TABACOS—SOCIEDAD ANONIMA MANILA." (*See the corresponding page of the certified copy of this Transcript of Record.*)

**Exhibit F**

This exhibit is exactly the same as the foregoing, Exhibit E, except that the words on the scroll at the foot of the label read "EL ORIENTE FABRICA DE TABACOS MANILA" instead of "EL ORIENTE FABRICA DE TABACOS—SOCIEDAD ANONIMA MANILA." (*See the corresponding page of the certified copy of this Transcript of Record.*)

**Exhibit G**

This exhibit is a facsimile of another trade mark or label. A Filipina woman dressed in a red skirt and loose yellow camisa, holding in the left hand by its cover an open cigar box full of cigars, her right hand resting on a Spanish coat of arms, is depicted among other things. Above are printed the words "LA PERLA DEL ORIENTE." Underneath are the obverse and reverse of three medals, on the reverse of one of which are the words "AWARDED TO EL ORIENTE FABRICA DE TABACOS MANILA." In the back ground appear tops of buildings. (*See the corresponding page of the certified copy of this Transcript of Record.*)

1  
8  
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Exhibit H

This exhibit is another facsimile of a trade mark or label. It depicts a big bridge resembling the old Bridge of Spain across the Pasig River at Manila. In the back ground can be seen tops of buildings and towers. Above are several stars and a comet, on the tail of which comet appear the words "EL COMETA DEL ORIENTE." Underneath are the obverse of three medals, a coat of arms, and the reverse of said three medals. (*See the corresponding page of the certified copy of this Transcript of Record.*)

**Exhibit I**

This exhibit resembles Exhibit E or F except the wordings on the scroll at the foot of the label which read "EL ORIENTE FABRICA DE TABACOS HONG-KONG SU-CURSAL DE LA FABRICA EN MANILA. (*See the corresponding page of the certified copy of this Transcript of Record.*)

Exhibit J

Legal translation.

On the twenty first of April, one thousand nine hundred and six.

Before me M. Fioco, notary public at Antwerp Appeared

- 1.o Mr. Adolphe Davidis, merchant, residing and living at Antwerp,
- 2.o Mr. Arnold Germann, merchant, residing and living at St. Gall.

Liquidators of the limited liability Company "EL ORIENTE FABRICA DE TABACOS", in liquidation at Antwerp, having a branch office at Manila, appointed at the extraordinary general meeting of said Company, held before me, the Notary, on the twenty-eighth of November one thousand nine hundred and five, at which meeting the necessary powers were granted to them in order to effect the following transfers:

Said appearers declare:

That the limited liability Company "El Oriente fabrica de tabacos" in liquidation at Antwerp, has transferred and transfers to Mr. CARL INGENOHL, merchant at Antwerp, sole proprietor of the firm C. Ingenohl at Antwerp, having a branch-office at Manila, trading under the style of "El Oriente Fabrica de Tabacos C. Ingenohl", the whole of its industrial and commercial affairs, both in Belgium and elsewhere, and more especially

the manufacturing of cigars at Manila, at the same time, the said Company transfers to him its TRADE MARKS, and all its rights resulting from its applications to the effect of registering and the registering of its Marks, labels, ribbons and rings made in its favor in Belgium and in any other country.

Of which the present act was delivered at Antwerp, date as above.

In presence of Corneille van den Dungen and Francois Van der Mueren, both residing and living at Antwerp, witnesses called upon.

The above act having been read to appearers, same have signed it with the witnesses and me the notary.

(Signed Ad. Davidis, Arnold Germann, C. Vanden-Dunghen, F. Vander Mueren—Fioccois, not.

Registered at Antwerp, (north) on the twentythird of April 1906, vil 783, fol. 52, case 14, one roll without any remark. Received two francs forty centimes.

The Collector (s) A. MIER  
a true copy (s) Fiocco, not.

Civil record office  
No. 10437

Seen by us, Presindent of the Tribunal of first instance at Antwerp, for legalization of the signature of Mr. Fiocco, qualified as



above.

Antwerp, 10th June 1907

(s) J. DE WINTER.

I, PETER JAMES O'GRADY of ANTWERP, Legal Translator by lawful authority duly admitted and sworn practicing before the Court of First Instance and Tribunal of Commerce in the said City of Antwerp DO HEREBY CERTIFY the above to be a true and faithful translation from the French text of the original deed under the hand of the Notary Public Fiocco of Antwerp.—

(s) P. J. O'GRADY

On November 23, 1923, the following stipulation, together with the depositions of I. Delburgo and C. T. Stockli, was filed:

(Caption and title omitted)

STIPULATION

It is hereby stipulated and agreed by and between counsel for the plaintiff and for the defendant in the above-entitled cause that the depositions of I. Delburgo and C. F. Stockli shall be taken on behalf of the defendant at the office of Ross, Lawrence & Selph, Attorneys-at-Law, Room 314 Roxas Building, in the City of Manila, Philippine Islands, on Friday, November 23, 1923, at 10:00 o'clock a. m. before Juan Nabong, notary public in and for the said City of Manila; that the said depositions shall be taken stenographically by J. N. Noon; that the said depositions

need not be signed by the aforesaid witnesses, I. Delburgo and C. F. Stoeckli, but that the typewritten transcript of the stenographic notes taken by the said J. N. Noon, when certified by him, shall be accepted by both parties as the true and correct depositions of the said witnesses with the same force and effect as if the same had been signed with the usual formalities.

Manila, P. I., November 23, 1923.

ROSS, LAWRENCE & SELPH,

*Attorneys for plaintiff.*

GIBBS & MCDONOUGH,

*Attorneys for defendant.*

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(Caption and title omitted)

DEPOSITION OF I. DELBURGO.

Taken on behalf of the defendant at the offices of Messrs. Ross, Lawrence & Selph, Attorneys-at-Law, Room 314 Roxas Building in the City of Manila, Philippine Islands, on Friday, November 23, 1923, at 10:00 o'clock a. m., before Juan Nabong, notary public in and for the said City of Manila, and reported stenographically and transcribed by J. N. Noon, shorthand reporter, pursuant to stipulation between counsel for the respective parties of even date herewith.

Appearances:

Mr. James Ross, of the firm of Ross, Lawrence & Selph, Attorneys-at-Law, for the plaintiff.

Mr. A. D. Gibbs, of the firm of Gibbs & McDonough, Attorneys-at-Law, for the defendant.

The said I. Delburgo, being first duly sworn by the notary public aforesaid, testified as follows:

DIRECT EXAMINATION BY MR. GIBBS:

Q. State your name.

A. I. Delburgo.

Q. Your occupation and residence?

A. Tobacco trader, residing in Shanghai, China.

Q. How long have you been engaged in dealing in tobacco, and where?

A. In China, for over 15 years.

Q. Where has been the chief establishment of your business in China?

A. In Shanghai.

Q. What concern, if any, have you been connected with in Shanghai during this period?

A. I have represented the Tabacalera, and still represent them.

Q. Referring to the concern in China, what concern have you been interested in there that is engaged in the tobacco business?

A. The tabaqueria Filipina.

MR. GIBBS: I ask to have a certified copy of an agreement executed on the 21st day of February, 1919, between Walter E. Olsen & Company, of Manila, and The Tabaqueria Filipina, of China, marked

for identification as Exhibit No. 1 to the deposition of I. Delburgo.

(The document was marked as requested.)

Q. Do you know the defendant corporation, Walter E. Olsen & Co., Inc.?

A. I do.

Q. Calling your attention to this contract of February 21, 1919, between Walter E. Olsen & Company and The Tabaqueria Filipina, which is marked "Exhibit No. 1" to your deposition, I will ask you to state whether you are the same I. Delburgo who signed the original of this contract as attorney-in-fact for The Tabaqueria Filipina?

A. I am.

Q. State whether or not The Tabaqueria Filipina and Walter E. Olsen & Co., operated under that contract.

A. They operated for about nine months.

Q. And then what happened to the contract?

A. Then the Tabaqueria Filipina canceled it by reason of the fact that Hongkong made cigars under the same label that were being sold in China.

Q. By whom were those cigars made in Hongkong?

A. By Mr. Ingenohl's factory.

MR. GIBBS: I ask to have the letter of The Tabaqueria Filipina of October 13, 1919, directed to Walter E. Olsen & Co., Inc.,

another letter of the same concern to the same addressee, dated October 15, 1919, a copy of a letter of Walter E. Olsen & Co., dated November 17, 1919, addressed to The Tabaqueria Filipina, and a copy of a letter of The Tabaqueria Filipina directed to the Manager of The Philippine National Bank, dated October 29, 1919, marked for identification as Exhibits Nos. 2, 3, 4 and 5 to the deposition of I. Delburgo.

(The documents were marked as requested.)

(At this point it was stipulated and agreed by and between counsel for the respective parties that Exhibit No. 2 and Exhibit No. 3 to the deposition of I. Delburgo are letters written by the Tabaqueria Filipina to the defendant Walter E. Olsen & Co., Inc., and duly delivered through the mails to the latter; that Exhibit No. 4 to the deposition of I. Delburgo is a true copy of a letter written by the defendant corporation, Walter E. Olsen & Co., Inc., to The Tabaqueria Filipina and duly delivered through the mails to the latter; and that Exhibit No. 5 to the deposition of I. Delburgo is a true copy of a letter written by The Tabaqueria Filipina to the Manager of the Philippine National Bank and duly delivered through the mails to the latter.)

MR. GIBBS: I offer in evidence the contract and the four letters mentioned, Exhibits Nos. 1, 2, 3, 4 and 5 to the deposition of

I. Delburgo.

MR. ROSS: There is no question raised by the plaintiff as to the genuineness of these documents, but the plaintiff objects to the introduction of these exhibits in evidence on the ground that they are incompetent, irrelevant and immaterial.

Q. Referring now, Mr. Delburgo, to this contract between the Tabaqueria Filipina and Walter E. Olsen & Co., Inc., Exhibit No. 1, please explain why the quantity specified in the contract was but one million per month for the first six months and two millions per month for the second six months.

A. This was an exclusive agency agreement, and Walter E. Olsen & Co. had pending orders here in their factory, and the smaller quantity for the first six months was to offset these orders that had to be filled.

Q. Had to be filled where? You are testifying here in Manila, and I want to show where these orders were to be filled.

A. They were to be filled for China, for Shanghai.

Q. You mean orders that were to be filled for Shanghai dealers other than yourselves?

A. Yes, other than ourselves.

Q. And what was the quantity to be taken

by The Tabaqueria Filipina from and after the first six months?

A. Twenty-four millions yearly.

Q. That is, two millions per month?

A. Yes, two millions per month.

Q. How extensive has your experience been in the handling of cigars in China? That is to say, for how long and in what parts of China?

A. I have been engaged in the business for 15 years, and I have traveled in all the treaty ports marketing cigars.

Q. In how many different cities, or in what cities in China, does the Tabaqueria Filipina do business or have branches?

A. In Shanghai, Hongkong, Peking, Tientsin, Ningpoo, and Nanking. They have branches in those towns. Of course, they do business all over China.

Q. In addition to having branches in those cities they do business all over China?

A. Yes.

Q. State whether or not there was a sufficient market and demand to enable you to sell as many cigars as were contracted for in this contract with Walter E. Olsen & Co., Inc.

A. In my opinion there was—no question about it.

Q. What can you say of the reputation for quality and the salability of the brands of cigars mentioned in this contract, in China?

A. This was the best selling branch in China.

Q. Do you know approximately how many cigars were taken by The Tabacqueria Filipina under that contract during the year 1919 before the contract was finally canceled?

A. I couldn't say exactly.

Q. About how many?

A. About ten millions.

Q. Why were you not able to handle but the ten millions?

A. Well, in the first place, there were these pending orders to be filled.

Q. When did the interference of Ingenohl begin?

A. It began in March of 1919.

Q. So that you had the constant interference of and fight with Ingenohl right along during the entire period?

A. Yes, we did.

CROSS-EXAMINATION BY MR.  
ROSS:

Q. The interference of Ingenohl to which you refer was the result of a suit in the Hongkong courts, was it not?

A. Yes.

Q. Which was decided by the Hongkong courts in favor of Mr. Ingenohl?

A. Yes.

Q. You spoke, Mr. Delburgo, about your belief that these cigars would have been marketable in China: is it not a fact that



ever since 1919 business conditions all over China have been very seriously depressed owing to local conditions—I mean to say particularly political conditions—in China?

A. Yes, they have been.

Q. And sales of all sorts of commodities have fallen off very seriously during that time?

A. I suppose they have.

Q. You know from your own experience that they have, don't you?

A. Yes.

Q. Is it not also true that the falsification of trade-marks by Chinese in Shanghai is very common—that a great deal of it is done?

A. We have had to contend with that all along. It is not any more serious now than it used to be.

Q. It always has been serious?

A. It always has been.

Q. So that it is entirely possible that these brands that are being marketed in Shanghai that you speak of were falsified by some local Chinese and that the cigars were manufactured right there in Shanghai.

A. No, it wouldn't be possible.

Q. How do you know that that is not true?

A. In the first place, because we knew when and how these were imported.

Q. Where did you get that information, Mr.

Delburgo?

A. We got it in Shanghai.

Q. Did you get it personally, or did it come to you from someone else in your establishment?

A. *I didn't get it personally*, but I certainly know how and when they arrived there and from whom they came.

Q. I would like to ask you, Mr. Delburgo, to tell us exactly how you got that information.

A. Well, I even went so far as to sue the dealers that were handling the Hongkong cigars.

Q. Where did you sue them: in the Mixed Court of Shanghai?

A. In the Mixed Court, yes.

Q. What was the result of the suits?

A. We came to an arrangement out of court.

Q. So that all that you have stated with regard to the importation and use of the brands of cigars in Shanghai was acquired by hearsay from other persons?

A. Well, no, it wasn't acquired by hearsay.

Q. Well, you weren't there at the custom house when the goods arrived, were you? You didn't actually see them received in the custom house?

A. When we made this arrangement with the dealers when we sued them, I knew positively that the cigars had been imported from Hongkong.

Q. Just tell us how you knew it, Mr. Delburgo.

A. I found them on the market there; I found them being sold.

Q. Is that the only reason you have for making the statements that you have made with regard to this matter?

A. Well, I followed it up and found the dealers that had imported them, and they admitted that they had.

Q. Then your information was derived from those dealers: they told you so.

A. Yes.

MR. ROSS: We move to strike out all the testimony of the witness as being based entirely upon hearsay and incompetent, irrelevant and immaterial.

REDIRECT EXAMINATION BY MR. GIBBS:

Q. Was Ingenohl represented in that litigation?

A. Which litigation?

Q. In the Mixed Court?

MR. ROSS: We object to that question as not calling for the best evidence. The best evidence of what happened in the International Mixed Court of Shanghai would be the records of that court.

MR. GIBBS: In answer to the objection, we call attention to the fact that the statement of the witness which is now sought to be stricken out was drawn out on cross-examination.

A. No.

Q. Who were those people with whom the litigation took place?

MR. ROSS: We enter the same objection to all these questions about the proceedings in the International Mixed Court of Shanghai: that the best evidence would be the records of that court.

A. You want the names?

Q. Well—

A. Well, they were four of the bigger dealers there.

Q. In what way were they handling the cigars of Ingenohl—under what arrangement? Do you know?

A. No, I don't know what arrangement they had with Ingenohl. I think they were buying them outright.

Q. Have you seen or are you familiar with the boxes and marks in general in which Ingenohl puts up his cigars from the Hongkong factory?

A. Yes.

Q. And were those people to whom you refer handling cigars with those marks and put up in that way?

A. Yes.

Q. State in general what the nature of the interference and campaign of Ingenohl was in order to run out of China the output of the Oriente Factory in Manila and to maintain the exclusive right to

sell his own brands in China?

MR. ROSS: We object to the question as assuming facts not proven, and for the reason that it already appears that the witness' knowledge of these matters is based purely upon hearsay.

MR. GIBBS: In reply to the objection, I wish to state that the question is based to some extent upon the agreed statement of facts, which admits this interference.

MR. ROSS: It also appears from the testimony of the witness that this so-called interference by Ingenohl was based upon the judgment of a court of competent jurisdiction in the Colony of Hongkong.

A. They threatened the dealers with suits in the courts in Shanghai on the strength of this Hongkong judgment.

Q. Did you see the publications in the newspapers of warnings and threats against dealing in the cigars of the Oriente Factory of Manila?

A. Yes.

MR. ROSS: We move to strike out the answer as being incompetent, the newspaper publications themselves, if any, being the best evidence.

MR. GIBBS: In answer to this objection, we call attention to the fact that the publication of these newspaper articles in China and the contents of the publications are admitted in the stipulation of facts.

Q. Notwithstanding the crisis and the hard times to which you referred in your answer on cross-examination, do you still adhere to your statement that you could have sold two millions of these cigars per month in China but for the interference of Ingenohl?

A. In my opinion I could.

RE-CROSS-EXAMINATION BY MR. ROSS:

Q. That is merely your opinion; of course, you don't know whether you could or not.

A. Yes.

REDIRECT EXAMINATION BY MR. GIBBS:

Q. It is an option backed up by your contract to take that many cigars, is it not, Mr. Delburgo?

A. Yes, it is.

MR. ROSS: No further questions.

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**Exhibit No. 1,**

**Deposition of I. Delburgo.**

UNITED STATES OF AMERICA

PHILIPPINE ISLANDS

COURT OF FIRST INSTANCE OF MANILA

I HEREBY CERTIFY that the following copy of document, dated February 24, 1919, consisting of eight useful pages is a true and correct copy of the document registered under Entry No. 4, page 2, series of 1919, of the Notarial Registry delivered to this Office of the Court of First Instance of Manila, by Notary

Public Mr. Doroteo Amador.

In witness whereof, I issue the present certificate in this City of Manila, this 17th day of November, 1923, at the request of the interested party.

(Sgd.) R. SUMMERS  
*Clerk of Court.*

**AGREEMENT.**

THIS AGREEMENT made and entered into at Manila, P. I., this 21st day of February, 1919, by and between WALTER E. OLSEN & COMPANY, a corporation duly organized and existing under and by virtue of the laws of the Philippine Islands with its principal office therein in the city of Manila, P. I., party of the first part, and THE TABAQUERIA FILIPINA, a corporation duly organized and existing under the laws of the Republic of China, with its principal office and domicile at Shanghai, China, parties of the second part,

**WITNESSETH:**

That for and in consideration of the mutual promises and covenants hereinafter set forth and for good and valuable consideration the parties hereto have agreed and by these presents do agree as follows:—

**I.**

The party of the first part agrees to furnish to the parties of the second part and the latter agree to purchase EIGHTEEN

MILLIONS cigars of the following brands.

“LA PERLA DEL ORIENTE”

“EL COMETA DEL ORIENTE”

within the period of one year from May 1st, 1919, as follows.—ONE MILLION per month for the first sixth months and two millions per month for the last six month of said period in the following proportion:—

GROUP “A”—Cigars of the value of P100.00 per thousand and over,—EIGHT PER CENT (8%).

GROUP “B”—Cigars of the value of P54.00 up to P100.00 per thousand —TWENTY-FIVE PER CENT (25%).

GROUP “C”—Cigars of the value of P26.00 to P50.00 per thousand,—SIXTY PER CENT (60%).

GROUP “D”—Cigars of the value of less than P26.00 per thousand,—SEVEN PER CENT (7%).

It being understood that if the parties of the second part shall in any one month purchase more than the minimum above fixed, such excess shall be credited to any subsequent month when a lesser quantity is purchased than the minimum above expressed so as to make the total for the year eighteen millions.

## II.

It is further agreed that the prices and



shapes of the cigars above mentioned shall be as noted in the attached list marked "A" and made a part of this agreement, and in addition thereto five per cent (5%) above said prices set forth in said list; provided, however, that said prices set forth in said list may be increased from time to time by the party of the first part, but in such event it is stipulated and agreed that the party of the first part, in the event of increases of said prices, will advise the parties of the second part by cable and protect the parties to the second part against any increase in said prices for a period of sixty days after such increase has gone into effect and will deliver during this period all cigars on order that the facilities of the party of the first part will permit, but not to exceed the total of two months' minimum orders; the parties of the second part agree that they will accept or reject said increased prices within ten days after receipt of said cable advice of increase.

### III.

It is further understood and agreed that the prices fixed in the list "A" and such increased prices as may be agreed upon are ex-factory; packing and charges incidental to shipping to be charged by the party of the first part actual cost on date of shipment.

### IV.

It is further stipulated and agreed that the party of the first part guarantees the

quality of the tobacco and the good condition of the cigars on arrival at point of destination in China, in conformity with present and future Internal Revenue regulation of the Government of the Philippine Islands, and it is further understood that all orders of the parties of the second part must be in conformity with the present and future regulations and requirements of the Government of the Philippine Islands.

V.

It is further stipulated and agreed that WALTER E. OLSEN & COMPANY, INC., or its authorized agents at Manila, P. I., will draw on the Bankers of the parties of the second part in Philippine Currency with documents attached; confirmed Bankers' Letter of Credit to be furnished in Manila by the parties of the second part in an amount sufficient to cover three monthly shipments.

VI.

The party of the first part further stipulates and agrees that it will not sell, during the continuance of this agreement, cigars packed under the aforesaid brands to any person, firm or corporation located in or outside of the Republic of China and destined, to its knowledge, to the Republic of China, or Hongkong and that it will use ordinary diligence and its best endeavors to prevent any other person, firm or corporation from shipping into the Republic of China or Hongkong any ci-

gars sold to them by the party of the first part under the aforesaid brands; provided, however, that in the event of the rejection by the parties of the second part of any increased prices on the cigars mentioned in this agreement, the party of the first part may offer such brands as may be affected by such rejection to other parties in the Republic of China or Hongkong, or elsewhere for sale in said territory, and the aforesaid agreement inasmuch as it pertains to such brands, will in that case be null and void and of no effect between the parties hereto.

#### VII.

It is stipulated and agreed that the parties of the second part shall establish and maintain a competent sales organization throughout the Republic of China and Hongkong for the purpose of the sale of the cigars herein mentioned and will devote all the energies of said sales organization, as well as the facilities of the parties of the second part to the pushing of the sale of the cigars herein mentioned and do all possible to sell and increase the sales of the brands herein mentioned to the exclusion of all Philippine or Manila cigars.

#### VIII.

It is the purpose of this contract to give the following companies, located in Shanghai, an opportunity to participate in the agency with the TABAQUERIA FILIPINA along the same

lines to be agreed upon among themselves:—

WING TAI & COMPANY

QUAN YUEN & COMPANY

TUNG TAI & COMPANY

WEI TUNG & COMPANY

CENTRAL TOBACCO COMPANY

In the event of the refusal of any of the above named firms to participate in the contract, same will be considered operative with any who may wish to associate themselves with the Tabacqueria Filipina and, in the event of the refusal of all of them, the contract will be operative for the sole account of Tabacqueria Filipina.

#### IX.

The party of the first part agrees in connection with the efforts of the parties of the second part to push the sales of the brands herein mentioned in the Republic of China and Hongkong to expend the sum of THIRTY THOUSAND (P30,000.00) PESOS Philippine Currency during the period of this contract (one year) in advertising said brands in said territory.

#### X.

It is further understood and agreed that as to the delivery of the cigars herein mentioned to the parties of the second part, the party of the first part shall not be liable for any delay or other failure to comply with this agreement arising from Act of God, force majeure, strikes, fires, war, or civil commo-

tion, or any cause whatsoever reasonably beyond the control of the party of the first part.

XI.

This contract may be renewed from year to year provided the parties of the second part have complied with the conditions and stipulations herein set forth to the satisfaction of the party of the first part.

XII.

It is further stipulated and agreed that the parties of the second part shall have the exclusive privilege of appointing sub-agents throughout the Republic of China and Hong-kong for the sale and distribution of said brands of cigars, but said parties of the second part shall not sell any or all rights under this agreement to any other party without the written consent of the party of the first part first obtained.

XIII.

It is further stipulated and agreed that all expenses for cable exchanged between the respective parties to this agreement will be borne by the senders thereof respectively.

XIV.

It is expressly understood and agreed that if the parties of the second part shall fail to purchase the minimum quantity herein expressed in any one month, the party of the first part may immediately cancel this agree-

ment; and the party of the first part shall have the same right upon the failure of the parties of the second part to open confirmed Bankers Credit as above set forth within the period of five days after demand by said first party.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands at Manila, P. I., party of the first part WALTER E. OLSEN & COMPANY, INC., by its President and Treasurer, parties of the second part TABAQUERIA FILIPINA, I. DELBURGO, attorney in fact, and further duly authorized thereto by cable attached hereto, this 24th day of February, 1919.

WALTER E. OLSEN & COMPANY, INC.,

By (Sgd.) WALTER E. OLSEN  
*President and Treasurer.*

TABAQUERIA FILIPINA,  
By (Sgd.) I. DELBURGO  
*Attorney-in-Fact.*

WITNESSES:

(Sgd.) W. R. LYNCH  
(Sgd.) E. C. BANSTER.

PHILIPPINE ISLANDS }  
CITY OF MANILA. } ss.

On this 24th day of February, 1919, before me the undersigned notary public, personally appeared WALTER E. OLSEN, president

and treasurer of WALTER E. OLSEN & COMPANY, INC., and I. DELBURGO, as attorney in fact of TABAQUERIA FILIPINA, to me known to be the persons who executed the foregoing instrument and acknowledged the same to be their free and voluntary act and deed, Walter E. Olsen exhibiting cedula No. F-52616, issued at Manila, P. I., January 20th, 1919; I. Delbourgo exhibiting no cedula, being a transient.

(Sgd.) DOROTEO AMADOR  
*Notary Public.*

My commission expires  
December 31st, 1920.

(Notarial Seal)  
(20 Centavos Doc. Stamp.)  
Doc. No. 4  
Page 2  
1919.

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DEFERRED CABLEGRAM.

Manila, P. I., February 22nd, 1919.  
11.14 P. M.

HK LL0 SHANGHAI 25 22 8:20 PM HK PHK  
LCO WALTER E. OLSEN COMPANY MANILA

WE AFFIRM AND RATIFY CONDITIONS OF  
CONTRACT AND AUTHORIZE MR. I. DEL-  
BOURGO TO EXECUTE SAME IN OUR NAME.

TABAQUERIA FILIPINA

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**LIST A**

**GROUPING OF ALL ORIENTE CIGARS FOR CHINA**

<i>Group</i>	<i>Quantity</i>	<i>Shape</i>	<i>Price</i>		<i>Total</i>
"A"	10,000	RICOS COMERCIANTES	P175.00	P1,750.00	
	20,000	INVENCIBLES	155.00	3,100.00	
	25,000	ORIENTE CABINETS 1-20	132.00	3,300.00	
	25,000	HEREDERAS DE CORONA	115.00	2,875.00	
	45,000	BARONETS	120.00	5,400.00	P16,425.00
	125,000				
"B"	50,000	REGALIA PERFECTOS	70.00	3,500.00	
	30,000	IMPERIALES	95.00	2,850.00	
	30,000	ESTRELLAS	66.00	1,980.00	
	30,000	PERLAS	58.00	1,740.00	
	50,000	PERFECTOS	80.00	4,000.00	
	25,000	LADIES	60.00	1,500.00	
	60,000	PICNICS	54.00	3,240.00	
	25,000	SUPERBAS	95.00	2,375.00	
	200,000	REINA VICTORIA	60.00	12,000.00	33,185.00
	500,000				
"C"	50,000	REGALIA "Perla"	49.00	2,450.00	
	5,000	LA HABANO "Cometa"	47.00	235.00	
	16,000	REG. CHICA "Perla"	37.00	592.00	
	5,000	NVO. HABANO "Cometa"	36.00	180.00	
	700,000	LONDRES "Perlas"	39.00	27,300.00	
	50,000	LONDRES "Cometa"	37.00	1,850.00	
	30,000	PRINCESAS "Perla"	35.00	1,050.00	
	5,000	PRINCESAS "Cometa"	33.00	165.00	
	20,000	BREVAS "Perla"	50.00	1,000.00	
	2,000	GEQUEROS "Cometa"	46.00	92.00	
	100,000	CDO. DELICIOSO "Perla"	42.00	4,200.00	
	10,000	LA CORTADO "Cometa"	40.00	400.00	
	100,000	CORT. REINA "Perla"	30.00	3,000.00	
	10,000	NVO. CORTADO "Cometa"	29.00	290.00	
	10,000	PRECIOSOS "Perla"	33.00	330.00	
	50,000	HIGH LIFE "Perla"	48.00	2,400.00	
	5,000	HIGH LIFE "Cometa"	46.00	230.00	
	35,000	PANETELAS "Perla"	48.00	1,680.00	
	5,000	PANATELAS "Cometa"	46.00	230.00	47,674.00
	1,208,000				
"D"	50,000	2a HABANO "Cometa"	23.00	1,150.00	
	50,000	CORT. FINO "Perla" } or ENTREACTOS do, }	26.00	1,300.00	
	67,000	2a CORTADO "Cometa"	25.00	1,675.00	4,125.00



the persons who executed the foregoing  
 ment and acknowledged the same to be  
 free and voluntary act and deed, Wal-  
 c. Exhibiting cedula No. F-52616.

	20,000	INVENCIBLES	155.00	3,100.00	
	25,000	ORIENTE CABINETS 1-20	132.00	3,300.00	
	25,000	HEREDERAS DE CORONA	115.00	2,875.00	
	45,000	BARONETS	120.00	5,400.00	P16,425.00
	125,000				
"B"	50,000	REGALIA PERFECTOS	70.00	3,500.00	
	30,000	IMPERIALES	95.00	2,850.00	
	30,000	ESTRELLAS	66.00	1,980.00	
	30,000	PERLAS	58.00	1,740.00	
	50,000	PERFECTOS	80.00	4,000.00	
	25,000	LADIES	60.00	1,500.00	
	60,000	PICNICS	54.00	3,240.00	
	25,000	SUPERBAS	95.00	2,375.00	
	200,000	REINA VICTORIA	60.00	12,000.00	33,185.00
	500,000				
"C"	50,000	REGALIA "Perla"	49.00	2,450.00	
	5,000	LA HABANO "Cometa"	47.00	235.00	
	16,000	REG. CHICA "Perla"	37.00	592.00	
	5,000	NVO. HABANO "Cometa"	36.00	180.00	
	700,000	LONDRES "Perlas"	39.00	27,300.00	
K	50,000	LONDRES "Cometa"	37.00	1,850.00	
A-	30,000	PRINCESAS "Perla"	35.00	1,050.00	
	5,000	PRINCESAS "Cometa"	33.00	165.00	
OF	20,000	BREVAS "Perla"	50.00	1,000.00	
L-	2,000	GEQUEROS "Cometa"	46.00	92.00	
E.	100,000	CDO. DELICIOSO "Perla"	42.00	4,200.00	
	10,000	LA CORTADO "Cometa"	40.00	400.00	
NA	100,000	CORT. REINA "Perla"	30.00	3,000.00	
	10,000	NVO. CORTADO "Cometa"	29.00	290.00	
	10,000	PRECIOSOS "Perla"	33.00	330.00	
	50,000	HIGH LIFE "Perla"	48.00	2,400.00	
	5,000	HIGH LIFE "Cometa"	46.00	230.00	
	35,000	PANETELAS "Perla"	48.00	1,680.00	
	5,000	PANATELAS "Cometa"	46.00	230.00	47,674.00
	1,208,000				
"D"	50,000	2a HABANO "Cometa"	23.00	1,150.00	
	50,000	CORT. FINO "Perla" } or ENTREACTOS do. }	26.00	1,300.00	
	67,000	2a CORTADO "Cometa"	25.00	1,675.00	4,125.00
	167,000				P101,409.00

		<i>Per Month</i>		<i>Per Year</i>
Group "A".....	125,000	P 16,425.00	1,500,000	P197,100.00
Group "B".....	500,000	33,185.00	6,000,000	398,220.00
Group "C".....	1,208,000	47,674.00	14,500,000	572,088.00
Group "D".....	167,000	4,125.00	2,000,000	49,500.00
Total.....	2,000,000	P101,409.00	24,000,000	P1,216,908.00

**Exhibit No. 2,  
Deposition of I. Delburgo.**

**TABAQUERIA FILIPINA  
Manufacturers of Manila Cigars  
and Largest Tobacco Importers  
In the Far East.  
34 Nanking Road  
SHANGHAI, October 13th, 1919**

No. 9.

Messrs. Walter E. Olsen & Co. Inc.,  
Manila, P. I.

Dear Sirs,

We reply to your favors Nos. 18 to 23 and confirm our respects No. 8, as per copy enclosed.

**DISCONTINUANCE OF CERTAIN SHAPES:—**  
We could discontinue ordering these shapes from Shanghai, but our Hongkong office advises us that there is insistent demand for these shapes.

We shall thank you to execute their orders, for the term of the contract, and we will take care that the orders are as small as possible.

**SHIPMENT OF INDO-CHINA STEAMERS:**  
We object to shipments on these boats because goods are systematically pilfered, and done so expertly that the outer cases show no sign of having been tampered with.

**HONGKONG TRADEMARKS:—**Our Hongkong office has written to you regarding In-

genohl's claim to the right of his trade-marks, and this may have serious consequence if he is in a position to put up the necessary bond to have an injunction issued against us. We beg to urge again the necessity of prompt and decisive action. We have in the meantime requested Mr. Noah to ask you to request Wilkinson & Grist to defend our Hongkong office in the matter.

LONDRES:—We have explained to you that our sales of other shapes depend on the right proportion of Londres being supplied, and this state of affairs is aggravated when our competitors can afford to offer Londres alone.

It will do neither of us any good to stock ourselves up with shapes we cannot dispose of without the Londres, and rather than allow them to deteriorate here it is better to cut down the shipments until such time as you are able to supply Londres.

RICOS COMERCIANTES AND CHANGE OF EDGING:—We have asked Mr. Noah to pack the Ricos in 20s, and we agree to the change of Edging, which is a distinct improvement.

SHIPMENTS TO OTHERS:—We have complained to Mr. Noah regarding a shipment made by Lutz & Co. per "Colombia" May 12 direct to Tung Tai and at cheaper rates than ours.

From Tientsin, we are advised of another direct shipment, and Richard Howarth & Co.

have received another lot, all of which do not figure in the list.

We absolutely fail to understand how this comes about.

In future, we shall be pleased if you will pass all shipments to other dealers through us as your agents. The advantages of this procedure to all concerned are obvious.

PICNICS:—The return of old stock is a mistake, which we have rectified by asking Mr. Noah for their return.

PHOTOGRAPHS:—We are sending you by this mail photographs of our main store, the Western branch, and the Palace Tobacco store and Havana Cigar store.

ORIENTE CABINETS:—Our Hongkong office draws our attention to the enormous difference in price between 25s and 50s, P145 and 132 respectively. The order was for 50s, as they state, and perhaps they indicated 25 through an error. In any case the difference is very large. Please attend to this matter and give us your reply.

We remain, Dear Sirs,

Yours faithfully,

TABAQUERIA FILIPINA

(Sgd.) T. U. MAY

*for Director*

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**Exhibit No. 3,  
Deposition of I. Delburgo.**

**TABAQUERIA FILIPINA  
Manufacturers of Manila Cigars  
and Largest Tobacco Importers  
In the Far East.  
34 Nanking Road.**

**SHANGHAI, October 15th, 1919**

No. 10.

Messrs. Walter E. Olsen & Co. Inc.,  
Manila, P. I.

Dear Sirs,

We are in receipt of another communication from our Hongkong office, asserting that Ingenohl has decided, through his attorney, to take further steps in connection with the Oriente trademark dispute, and upon mature deliberation, we feel bound to request you to suspend all shipments for ourselves, and to Hongkong as well, pending the final and definite settlement of this question.

We have considered the Oriente question carefully, and we think it is as well that we should give you our point of view, in order to arrive at a clear understanding, as in matters of moment, it is best to be as frank as possible.

It is nine months since we signed the agreement, and to date you have failed to put into effect the promise to stop the Hongkong factory from putting up cigars under your trademarks. This has caused us considerable loss.

Shipments have been arriving direct to importers, which do not figure in the list handed to us. We have no means of gauging how many more will arrive, nor how many we have failed to trace.

We have in consequence been made the laughing stock of the local markets, it being asserted that *Orientes* can be imported by anybody who cares to do so without much difficulty. Nor have the rumors set abroad by our competitors enhanced our prestige it being stated that some at least of the outstanding orders were placed subsequent to our signing the agreement with you, which we cannot believe. Yet credence is generally attached to the statement, when it is remembered that a firm like the Central had on your books such a larger order, for they were never at any time in a position to order a million cigars of one shape at one time.

We entered into this agreement in perfect good faith and in the most broadminded spirit and we are certain you did the same. We did not even ask you to pass the outstanding orders through ourselves, the delivery of which to the buyers concerned through our medium would have come within the scope of our functions as agents.

If through any misunderstanding, the agreement is cancelled both you and ourselves will be the only losers, and the smaller dealers will have scored to our detriment. For this

reason we desire to come to a perfect understanding, which we trust is also your wish.

We remain, Dear Sirs,

Yours faithfully,

TABAQUERIA FILIPINA  
(Sgd.) I. DELBURGO,  
*Director.*

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**Exhibit No. 4,  
Deposition of I. Delburgo.**

November 17, 1919.

No. 27

Messrs. Tabaqueria Filipina,  
34 Nanking Road,  
Shanghai, China.

Gentlemen:—

We are this date in receipt of a communication from the Philippine National Bank stating that on advice from their Shanghai office, Letter of Credit No. 438 for ₱100,000.00, issued our favor for your account, has been temporarily suspended at your request. We presume that this action has been taken by you in connection with your request in your letter No. 10, that we suspend all shipments to Hongkong as well as to Shanghai, pending final and definite settlement of the EL ORIENTE trade mark disputes. From the contents of your letter and from the information supplied by Mr. Noah, we assume

that you fear the danger of having your stock of ORIENTES confiscated, and that the fear of being taken into court over the subject has led you to make this request.

As the final and definite settlement of the trade mark question is a matter that is beyond our determination or control, suspension of shipments and credits until this matter is settled would be tantamount to cancellation of same. The legal settlement of this question is a matter that may take one month and it may take a year, and should we accede to your request to suspend all shipments until final settlement, the chances are that the "ORIENTE" brands would be eliminated entirely from your territory. This of course, we would not afford, nor do we propose to permit, and in-as-much as the withdrawal of your credit shows determination on your part to suspend all shipments, we regret to inform you that we are forced to consider this as a violation of the contract and we, therefore, declare same null and void.

We have not the slightest fear of the outcome of this suit and propose to contest it to the highest court. In the meantime, we shall declare China an open territory, and distribute "EL ORIENTE" products through our Shanghai office, and will hold ourselves responsible to purchasers for any litigation that may result through the handling of same.

Regarding remarks contained in your



letter, that outstanding orders were placed subsequent to signing of the contract, and with particular reference to the Central Tobacco Company, we will inform you that this order was placed with Mr. Dean in Shanghai on January 23, 1919, which you must admit antedates the contract by a considerable period.

We sincerely regret that circumstances have forced us to take this action, but as it appears that a business which has been established for a period of over 35 years is in danger of being annihilated, we feel that we have no other course.

We have written to our Mr. Noah at length on this subject, and if we have not make ourselves clear in the foregoing, we suggest that you take the matter up with him.

Yours very truly,

WALTER E. OLSEN & Co.,

By

*President.*

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**Exhibit No. 5**

**Deposition of I. Delburgo.**

**TABAQUERIA FILIPINA, SHANGHAI, CHINA.**

**34 Nanking Road,**

**October 29th, 1919.**

The Manager,  
Philippine National Bank,  
Shanghai.

Dear Sir:—

We refer to the credit No. 30 for P100,000 opened in favor of Messrs. Walter E. Olsen and Co. on November 30th, and subsequently changed into a confirmed credit.

We have been obliged, for reason that we will state, to ask Messrs. Walter E. Olsen & Co. to temporarily suspend all shipments, and while the credit is not cancellable, we think it is as well that you should have full information on the subject.

Our reason for suspending shipments is that suit has been brought against us in Hongkong by Mr. C. Ingenohl, former proprietor of the Oriente factory, who alleges that he is the registered owner of the Oriente trade-marks. Our Hongkong lawyers, Messrs. Wilkinson and Grist, under date of October 10th, wrote to us, "We have to advise you to keep strict account of all goods bearing on them the trade-marks in question, which you may import, have in stock or sell. This is necessary having regard to the fact of your being aware that legal proceedings are pending in court here, which have been instituted for

the purpose of definitely deciding the ownership of the trade-marks.”

Furthermore, there is nothing from stopping Mr. Ingenohl from effecting an immediate seizure of all Oriente goods in this market pending the settlement of the dispute, provided he can put up the necessary bond.

Under these circumstances, we have no alternative left us but to ask Messrs. Walter E. Olsen & Co. to suspend for the time being all shipments of Oriente cigars.

We wrote to them to that effect on October 15th and wired on October 17th, but notice a shipment was effected on the same day which probably could not be stopped.

We do not doubt, having regard to all the facts of the case, that Messrs. Walter E. Olsen & Co. will comply with our request, in which case kindly ask your Head office to treat this as strictly confidential. However, we have considered it well to acquaint you with the whole affair, in order to solicit your protection in case that should be necessary. We shall thank you therefore to lay the information before your Head Office, and ask them to do what they can for us.

Thanking you in advance,

We remain,

Yours faithfully,

TABAQUERIA FILIPINA

By (Sgd.) T. U. MAY

*For Manager.*

Certified Correct Copy.  
Philippine National Bank.

(Sgd.) F. P. PATERNO  
*Asst. Manager, Foreign Department.*

November 19th, 1923.

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**(Caption and title omitted)**

DEPOSITION OF C.F. STOECKLI.

Taken on behalf of the defendant at the offices of Messrs. Ross, Lawrence & Selph, Attorneys-at-Law, Room 314 Roxas Building, in the City of Manila, Philippine Islands, on Friday, November 23, 1923, at 11:00 o'clock a. m. before Juan Nabong, notary public in and for the said City of Manila, and reported stenographically and transcribed by J. N. Noon, shorthand reporter, pursuant to stipulation between counsel for the respective parties of even date herewith.

Appearances:

- Mr. James Ross, of the firm of Ross, Lawrence & Selph, Attorneys-at-Law, for the plaintiff;  
Mr. A. D. Gibbs, of the firm of Gibbs & McDonough, Attorneys-at-Law, for the defendant.

The said C. F. Stoeckli, being first duly sworn by the notary public aforesaid, testified as follows:

DIRECT EXAMINATION BY MR. GIBBS:

- Q. State your name, residence and occupa-

tion.

A. C. F. Stoeckli; residence, Windsor Hotel, Manila; assistant treasurer of Walter E. Olsen & Co.

Q. How long have you been the assistant treasurer of Walter E. Olsen & Co.?

A. Since the 15th of February of last year.

Q. Mr. Stoeckli, have you made a calculation, based upon the books of account and records of Walter E. Olsen & Co., as to the profit which was derived on the cigars actually shipped to the Tabaqueria Filipina of Shanghai under this contract, Exhibit No. 1 to the deposition of I. Delburgo, and the yearly profit which would have been derived from the sales of the cigars provided for therein subsequent to the year 1919?

MR. ROSS: I object to the question as being incompetent, irrelevant and immaterial.

A. I have made a calculation of the cost price of the cigars stipulated in the contract to be taken monthly by the Tabaqueria Filipina.

MR. GIBBS: I ask to have this statement marked for identification as Exhibit No. 1 to the deposition of C. F. Stoeckli. (The document was so marked.)

Q. Will you please explain these columns on this statement just for the assistance of counsel and the court in examining this Exhibit No. 1 to your deposition?

A. The groups and quantities are the same as those called for in the contract. Then the first column shows the cost price to-day, and the next column the amount that the cigars would cost the factory to manufacture today. Then comes the cost price in 1919. Those prices were calculated by Mr. Velhagen. Then under "Amounts" comes the cost prices of the quantities. Then the prices as per contract are the same prices agreed upon as per the contract. Next comes the total amount.

Q. Upon how many cigars per month is this calculation based?

A. Two millions per month.

Q. And in the calculation of these cost prices, has the overhead been included?

A. Yes, sir.

(At this point it was stipulated and agreed by and between counsel for the respective parties that if Mr. Velhagen were called as a witness he would testify that the cost prices as contained in Exhibit No. 1 to the deposition of C. F. Stoeckli are correct.)

Q. Have you made a calculation as to what the profit for the years 1920, 1921, 1922 and 1923 would be?

MR. ROSS: We object to the question as being incompetent, irrelevant and immaterial.

A. You mean the profit on these orders?

Q. I mean on this contract.

A. Yes, it is on this sheet. You will find here the selling price per month as per contract, P101,409.00, less the cost price, P85,667.52, leaving a profit of P15,741.48, plus an additional five percent, as agreed in the contract, for compensation of agency. This brings the total profit per month to P20,811.93.

Q. I haven't informed myself as to your estimate, but is there any difference in the profit which would be made on this contract in 1919 and in the subsequent years, the cost price in 1919 being greater than at present?

A. After 1919 the cost prices went down, as shown by the cost prices of today which appear on Exhibit 1.

Q. Now, this calculation of a total profit of P249,743.16 is for what period of time?

A. This is for 1919.

Q. Would the profits for the subsequent years, 1920, 1921, 1922 and 1923, be as much as or more than for 1919?

MR. ROSS: I would like to have the record show that our objection on the ground of its being incompetent, irrelevant and immaterial stands with regard to all this line of questioning concerning profits.

A. The profit would be more.

Q. Have you made a statement showing how much more the profit would be for the

subsequent years?

A. No.

Q. State whether or not you have prepared a statement showing the amount of cigars actually exported to China during 1919 and up to October 31, 1923.

A. Yes, I have.

MR. GIBBS: I ask that that statement be marked for identification as Exhibit No. 2 to the deposition of C. F. Stoeckli. (The document was so marked.)

Q. Will you state whether or not these typewritten figures in Exhibit No. 2 of your deposition are correct according to the books of Walter E. Olsen & Co.?

MR. ROSS: We enter the same objection to all this line of questioning, that it is incompetent, irrelevant and immaterial.

A. Yes, sir.

Q. Now, you have made some figures in pencil on this Exhibit No. 2 to your deposition: I will ask you to state what this amount of P17,981.23 is.

A. That is the estimated amount of sales for the months of November and December, 1923. based upon the sales for the first ten months of that year, and it was arrived at by taking one-fifth of P89,906.35. Adding that to the value of the sales actually made for the years from 1919 to October 31, 1923, makes the total value of the sales for the five years as actually



made, P1,347,819.80.

Q. Below that you have placed in pencil the sum of P269,563.96; state what that represents.

A. That represents a profit of twenty per cent made by us on the sales actually made to China in the five years from 1919 to 1923, inclusive.

Q. Now, subtracting that from the five years' profit on the contract, Exhibit No. 1 to the deposition of I. Delburgo, amounting to P1,248,715.80, what is the loss represented to Walter E. Olsen & Co., Inc., by the cancellation of the contract, Exhibit No. 1 to the deposition of I. Delburgo?

MR. ROSS: The same objection to the question, on the ground that it is incompetent, irrelevant and immaterial.

A. P979,151.84.

MR. GIBBS: I offer in evidence Exhibits Nos. 1 and 2 to the deposition of C. F. Stoeckli.

MR. ROSS: We object to the admission of these exhibits on the ground that they are incompetent, irrelevant and immaterial, and we move to strike out the entire testimony of this witness on the same grounds. No cross-examination.

Certified correct.

(Sgd.) J. N. NOON

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**Exhibit No. 2,  
Deposition of C. F. Stoeckli.**

**WALTER E. OLSEN & COMPANY  
EL ORIENTE CIGAR FACTORY**

**CIGARS EXPORTED TO CHINA 1919 TO OCTOBER  
31st, 1923.**

YEAR	QUANTITY	VALUE
1919	12,409,990	P 519,110.08
1920	5,369,770	302,558.56
1921	3,650,650	199,653.58
1922	4,531,145	218,610.00
1923 to Oct. 31st	2,003,200	89,906.35
	<u>27,964,755</u>	<u>P1,329,838.57</u>
		<u>17,981.23</u>
		<u>1,347,819.80</u>
		20%, . . . . profit 269,563.96

On December 3, 1923, the following stipulation, together with the amended answer and counterclaim referred to therein, was filed:

**(Caption and title omitted)**

**STIPULATION**

Is is hereby stipulated and agreed by and between the parties to the above entitled action, through their undersigned attorneys, that the attached amended answer and counterclaim of the defendant Walter E. Olsen & Co., Inc., may be admitted by the Court, subject to the right of plaintiff to present a demurrer to the said amended answer and coun-

terclaim within five days from the date hereof.

Manila, P. I., December 3, 1923.

ROSS, LAWRENCE & SELPH

By (Sgd.) JAMES ROSS

*Attorneys for plaintiff*

314 Roxas Building, Manila

GIBBS & McDONOUGH

By (Sgd.) A. D. GIBBS

*Attorneys for defendant*

302 Roxas Building, Manila

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(Caption and title omitted)

AMENDED ANSWER AND COUNTERCLAIM

COMES NOW the defendant by its undersigned attorneys and in answer to plaintiff's complaint:

I.

Denies each and every allegation thereof.

II.

For a separate and special defense defendant alleges:

1. That the judgment referred to in the third paragraph of plaintiff's complaint was entered by the Deputy Registrar of the Supreme Court of Hongkong and was based upon and should be considered in connection with the decision of the said Supreme Court of Hongkong, a copy of which marked Exhibit "1" is hereto attached and made a part of this special defense.

2. That the said decision of the Supreme Court of Hongkong and the said judgment were rendered and entered as a result of a clear mistake of law and of fact, as hereinafter more fully set forth.

3. That previous to the 25th day of January, 1919, A. Mitchell Palmer, the duly appointed, qualified and acting Alien Property Custodian of the United States, under and by virtue of the Act of Congress of the United States approved October 6, 1917, known as the Trading with the Enemy Act as amended, and in accordance with executive orders issued in pursuance thereof, required and caused to be conveyed, transferred, assigned, delivered and paid over to him the property and business then owing and belonging to, or held for, by, or on account of, or on behalf, or for the benefit of the company known as Syndicat Oriente, a joint account association (*sociedad de cuentas en participacion*), of which the plaintiff was the "gestor," and which association formed under the laws of Belgium with its registered office in the City of Antwerp, Belgium, and an enemy as defined in said Act, not holding a license granted by the President under said Trading with the Enemy Act, and which the president of the United States, after investigation had determined was so owing, or so belonged, or was so held, and thereafter the said Alien Property Custodian in pursuance of said Act and proclamations and executive orders, ad-

vertised that he would sell through his managing director of the Philippine Islands to the highest bidder at public sale, subject to the terms and conditions set forth in the advertisement of sale, the said property and business of the Syndicat Oriente and of the said plaintiff as its gestor on the 27th day of December, 1918 at Manila in the Philippine Islands, and pursuant to said advertisement of sale, and in compliance with all the terms and conditions therein set forth, and after due and public notice given thereof, on the 27th day of December, 1918 duly sold at public sale at Manila, Philippine Islands the said property and business, with certain exceptions immaterial to this case mentioned in the deed of conveyance hereinafter referred to, in consideration of the bid therefor by the said defendant corporation of the sum of ₱2,350,000.00 Philippine currency, which was the highest bid of any bidder qualified to bid for and purchase said property and business at said sale, and the said Alien Property Custodian of the United States having thereafter accepted said bid and received from the defendant corporation in cash the amount of said bid, did on the 25th day of January, 1919, under and by virtue of said Act of Congress and said proclamations and executive orders, execute in favor of the defendant corporation a deed of conveyance of said property and business of the said Syndicat Oriente and of the said plaintiff as its gestor a copy

of which deed marked Exhibit "2" for identification is hereto attached and made a part of this amended answer and counterclaim.

4. That among the property conveyed and described in said deed so executed by the Alien Property Custodian of the United States in favor of the defendant corporation was the cigar and cigarette factory situated in the City of Manila, Philippine Islands, known as "El Oriente Fabrica de Tabaccos, C. Ingenohl," and all incidents and appurtenances thereto including the business as a going concern and the goodwill, trade names and trade marks thereof, and of the said Syndicat Oriente.

5. That the said C. Ingenohl mentioned in the preceding paragraph was, and at all times herein mentioned has been, the gestor of said Syndicat Oriente, and is the plaintiff in this action.

6. That as a result of a claim made therefor, the said plaintiff for himself and as gestor and representative of the said Syndicat Oriente in the year 1921 collected and received from the said Alien Property Custodian of the United States the purchase price of the property mentioned in paragraphs 3 and 4 of this amended answer and counterclaim, paid as aforesaid by the defendant to the said Alien Property Custodian of the United States, and the said plaintiff thereby ratified and assumed the obligations of the

sale and conveyance of said property to the defendant to all intents and purposes, as if the same had originally been made by him himself.

7. That at the time of the conveyance of said property to the defendant corporation and for many years previous and subsequent thereto, and up to the time of the wrongful acts of the plaintiff as hereinafter set forth, China, the Colony of Hongkong, the Federated Malay States, and the Straits Settlement were the principal markets for the output of the cigars manufactured in the said cigar factory, and the only trade marks and trade names under which said cigars were sold in those markets by the plaintiff previous to said conveyance, and by the defendant subsequent thereto were La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo; that by the sale of large quantities of the output of said cigar factory in said markets by the plaintiff previous to said conveyance, and by the defendant thereafter under said trade marks and trade names and by the appropriate registration of said trade marks and trade names in said countries, the plaintiff previous to said conveyance, and the defendant thereafter as his successor in interest appropriated, acquired and became entitled to the exclusive use of said trade marks and trade names in said markets to designate the cigar products of said factory.

8. That under and by virtue of said



ratification by the plaintiff and of said sale and conveyance by the Alien Property Custodian of the United States to the defendant, the plaintiff warranted and became responsible to the defendant for the legal and peaceable possession and enjoyment and use of the property thus conveyed, including said trade marks and trade names, known as La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo, to all intents and purposes the same as if the said plaintiff had himself made the original sale and conveyance thereof to the defendant.

9. That on or about the 28th day of May, 1919, the said trade marks and trade names known as La Perla del Oriente and El Cometa del Oriente were duly registered at Shanghai in the name of the defendant corporation for all of China with the exception of the Colony of Hongkong, which is British territory and where separate registration proceedings were and are required; that by virtue of said registration and by virtue of the sales under said trade marks and trade names of the cigars manufactured in said factory by the plaintiff previous to said conveyance and by the defendant as his successor in interest thereafter, the latter acquired the sole and exclusive right to the use of said trade marks and trade names in all of China.

10. That as the plaintiff well knew at the time of accepting the proceeds of said

sale, the Alien Property Custodian of the United States intended to and did sell and convey to the defendant, and the defendant believed it was acquiring and did acquire under and by virtue of the purchase of said cigar factory business and trade marks and trade names, the exclusive right to the use of said trade marks and trade names in said markets; that as the plaintiff also well knew at the time of the acceptance of the proceeds of said sale, said trade marks and trade names had been duly registered at Shanghai for all of China in the name of the defendant corporation, as alleged in the preceding paragraph; that as the plaintiff likewise well knew at the time of the acceptance of the proceeds of said sale, the defendant corporation was and had been, ever since the acquisition of said factory and trade marks and trade names from the Alien Property Custodian, selling the product of said factory under said trade marks and trade names in all of said markets hereinbefore mentioned. That as the plaintiff also well knew at the time of the acceptance of the proceeds of said sale, the value of said trade marks and trade names in said markets at the time of said sale and conveyance by the Alien Property Custodian to the defendant was the sum of ₱1,000,000.00 and that said trade marks and trade names in said markets represented ₱1,000,000.00 of the entire purchase price paid by the defendant to the said Alien Prop-

erty Custodian and accepted by the plaintiff as aforesaid.

11. That after obtaining from the Alien Property Custodian of the United States the proceeds of said sale to the defendant as aforesaid, the plaintiff in violation of the terms of said sale and conveyance ratified by him as aforesaid wrongfully instituted the action in the Supreme Court of the Colony of Hongkong which resulted in the decision of said court hereinbefore mentioned, and the judgment upon which the present action of the plaintiff is based.

12. That at the time of rendering said decision and entering said judgment, the said Hongkong Court had before it and under consideration said instrument of conveyance executed by the Alien Property Custodian in favor of the defendant corporation and facsimiles of said trade marks and trade names and the admission of the plaintiff that he had received the proceeds of said sale by the Alien Property Custodian, as evidenced by said instrument; that notwithstanding the fact that it clearly appears to the contrary on the face of said instrument of conveyance of the Alien Property Custodian to the defendant, the Hongkong court found and decided in effect that the language "wheresoever situate in the Philippine Islands" contained in the description of the property conveyed, was a limitation upon the goodwill and right to the use of

the said trade marks and trade names to the Philippine Islands, whereas, in truth and in fact, as the plaintiff well knew at the time of said conveyance to the defendant by the Alien Property Custodian, practically the entire output of said factory, like that of all other important cigar factories in the City of Manila, was exported and sold outside of the Philippine Islands; that the plaintiff with full knowledge that practically the entire output of such factory was exported and sold beyond the limits of the Philippine Islands and that the entire value and success of the business of said factory depended upon the use of its trade marks in the foreign markets heretofore mentioned and in the United States, and that the intention of the said instrument of conveyance was to convey the right to the use of said trade marks and trade names outside the Philippine Islands, intentionally concealed and withheld said facts from the said Hongkong court and thereby induced the latter to erroneously hold in effect that the right to the use of said trade marks was limited by said conveyance to the Philippine Islands; that the facsimile of one of the trade marks known as "El Oriente", upon which the said Hongkong court based its decision in part, consisted and consists of an oval shaped fancy design upon which a naked child is depicted in a sitting position on a pink cloth. Above the child is a scroll bearing on it the printed words "El Oriente"

and in the right hand of the child another scroll with the word "Manila"; that the facsimile of another trade mark upon which the said Hongkong court based its decision in part depicted among other things the head and shoulders of a Filipina woman in a yellow camisa. The picture is surrounded with green leaves and pink flowers. Above is a scroll with the words "El Oriente" printed on it and underneath is another scroll with the words "El Oriente Fabrica de Tabacos, Sociedad Anonima Manila"; That the facsimile of another trade mark upon which the Hongkong court based its decision in part depicted a Filipina woman dressed in a red skirt and loose yellow camisa holding in the left hand the cover of an open cigar box her hand resting on a Spanish coat of arms. Above are printed the words: "La Perla del Oriente". The Spanish coat of arms is the royal coat of arms of Spain. Underneath the said arms are the obverse and reverse of three medals. On one of the medals it is stated on the reverse to have been awarded to "El Oriente Fabrica de Tabacos, Manila". The buildings in the back ground are the towers of the Dominican church (Walled City), Manila and the high column is the Magallanes monument Manila; another facsimile of a trade mark and trade name upon which the said Hongkong Court based its decision and judgment in part, depicts the old Bridge of Spain across the Pasig river at Manila, showing in the back ground

the old stone wall of the walled city, Manila and the Dominican church, Magallanes monument, Intendencia building and the church towers of the Walled City of Manila and above several stars and a comet on the tail of which appear the words "El Cometa del Oriente".

13. That the plaintiff in said action in the Hongkong court claimed to be the proprietor of the trade marks and trade names known as La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo, in connection with cigars manufactured by him in a factory at Mongkok in said Colony of Hongkong hereinafter referred to as "the Hongkong factory", and which factory up to the time of said sale and conveyance was a mere branch of the Manila cigar factory sold and conveyed to the defendant as aforesaid.

14. That the following facts were disclosed upon the trial of said action in the Hongkong court: That between the years 1882 and 1905, El Oriente Fabrica de Tabacos Sociedad Anonima (hereinafter referred to as the Sociedad Anonima) carried on business as manufacturers of cigars and cigarettes at Manila, Philippine Islands and made use in connection with such cigars of the trade marks which are in dispute in this action; that on or about the 28th day of November, 1905, the said Sociedad Anonima, being then in liquidation sold its business in-

terest and assets in the Philippine Islands together with the goodwill thereof and trade marks of said Sociedad Anonima wherever in use (including the trade marks in dispute in this action) to the plaintiff as the gestor of a joint account association consisting of the plaintiff and others; that the said association was known as the Syndicat Oriente and carried on business in the Philippine Islands under the style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" (hereinafter referred to as El Oriente Fabrica de Tabacos); that in the year 1908 the Syndicat Oriente opened the said Hongkong factory as a branch or agency for the manufacture and sale in Hongkong of cigars which were composed of tobacco supplied by El Oriente Fabrica de Tabacos in the Philippine Islands, and which bore the trade marks in dispute in this action upon them; that the said trade marks which are in dispute in this action were registered in the Philippine Islands in the years 1884-1887 as the property of the said Sociedad Anonima and registration thereof in the Philippine Islands of said property was renewed in the year 1902; that the said trade marks were subsequently in the year 1903 registered on the Hongkong register of trade marks as the property of the said Sociedad Anonima; that on or about April, 1906, the assignment of the said trade marks to El Oriente Fabrica de Tabacos was registered in the Philippine Islands and in February,

1910 said trade marks were assigned on the Hongkong register with the knowledge and authority and by direction of the plaintiff to the name of the said Syndicat under its said style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" as the proprietors of the said trade marks; that the said plaintiff on behalf of said Syndicat on the 13th of March 1917 renewed the registration of the said trade marks on the Hongkong register for a further period of fourteen years from the 15th of April, 1917 in the same name to wit, "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" as the proprietor.

That it clearly and unmistakably appeared from the facts thus adduced before the said Hongkong court that said trade marks and trade names were inseparably identified with the cigars manufactured in the Manila factory and that the said Hongkong factory had no right to the use of said trade marks and trade names except as a branch of said Manila factory, and that the use of said trade marks and trade names by the said Hongkong factory upon the cigars manufactured by it after its disconnection with the said Manila factory constituted a false representation and a fraud upon the public purchasing such cigars and upon this defendant.

That under the laws of Great Britain, the United States and of the Philippine Islands, trade marks and trade names such as



those in dispute in this case belong to and follow the product of the factory with which they are identified and the use thereof upon the product of any other factory constitutes a fraud upon the public; that under the laws of Great Britain, the United States and the Philippine Islands the acceptance by the former owner of the proceeds of the sale of his property by whomsoever made, amounts to a ratification of such sale to all intents and purposes as if the same had been made by the said owner himself, and that as construed by the rules of interpretation laid down by the laws of Great Britain, the United States and the Philippine Islands, the deed of conveyance executed by the Alien Property Custodian in favor of the defendant as aforesaid was not reasonably susceptible to the interpretation placed thereon by the Hongkong court that the goodwill and right to the use of the trade marks and trade names thereby conveyed were limited to the Philippine Islands.

That notwithstanding the fact that this defendant urged upon the said Hongkong court the point that the said trade marks and trade names were inseparable from the cigars manufactured in the Manila factory, and that the sale of any other cigars under said trade marks and trade names would constitute a fraud upon the public and upon the defendant and the point that the acceptance by the plaintiff of the proceeds of the sale to the defendant amounted to a ratification of the sale

to all intents and purposes as if the same had been made by the plaintiff himself and the point that said deed of conveyance showed on its face that it was intended to convey the goodwill and trade marks and trade names of said Manila factory wheresoever its cigars had been or were being sold at the time of said conveyance, the said Hongkong court wholly ignored the first two mentioned points and decided the last mentioned point contrary to the clear literal interpretation of the language employed in said instrument of conveyance.

WHEREFORE, defendant prays judgment against the plaintiff and for costs of suit.

#### COUNTERCLAIM

By way of counterclaim against the plaintiff, the defendant alleges:

##### I.

That previous to the 25th day of January, 1919, A. Mitchell Palmer, the duly appointed, qualified and acting Alien Property Custodian of the United States, under and by virtue of the Act of Congress of the United States approved October 6, 1917, known as the Trading with the Enemy Act as amended, and in accordance with executive orders issued in pursuance thereof, required and caused to be conveyed, transferred, assigned, delivered and paid over to him the property and business then owing and belonging to, or held for, by, or on account of, or on behalf,

or for the benefit of the company known as Syndicat Oriente, a joint account association (sociedad de cuentas en participacion), of which the plaintiff was the "gestor", and which association formed under the laws of Belgium with its registered office in the City of Antwerp, Belgium, and an enemy as defined in said Act, not holding a license granted by the President under said Trading with the Enemy Act, and which the president of the United States, after investigation had determined was so owing, or so belonged, or was so held, and thereafter the said Alien Property Custodian in pursuance of said Act and proclamations and executive orders, advertised that he would sell through his managing director of the Philippine Islands to the highest bidder at public sale, subject to the terms and conditions set forth in the advertisement of sale, the said property and business of the Syndicat Oriente and of the said plaintiff as its gestor on the 27th day of December, 1918 at Manila in the Philippine Islands, and pursuant to said advertisement of sale, and in compliance with all the terms and conditions therein set forth, and after due and public notice given thereof, on the 27th day of December, 1918 duly sold at public sale at Manila, Philippine Islands the said property and business, with certain exceptions immaterial to this case mentioned in the deed of conveyance hereinafter referred to, in consideration of the bid therefor by the said de-

fendant corporation of the sum of P2,350,000.00 Philippine currency, which was the highest bid of any bidder qualified to bid for and purchase said property and business at said sale, and the said Alien Property Custodian of the United States having thereafter accepted said bid and received from the defendant corporation in cash the amount of said bid, did on the 25th day of January, 1919, under and by virtue of said Act of Congress and said proclamations and executive orders, execute in favor of the defendant corporation a deed of conveyance of said property and business of the said Syndicat Oriente and of the said plaintiff as its gestor a copy of which deed marked Exhibit "2" for identification is hereto attached and made a part of this amended answer and counterclaim.

II.

That among the property conveyed and described in said deed so executed by the Alien Property Custodian of the United States in favor of the defendant corporation was the cigar and cigarette factory situated in the City of Manila, Philippine Islands, known as "El Oriente Fabrica de Tabacos, C. Ingenohl", and all incidents and appurtenances thereto including the business as a going concern and the goodwill, trade names and trade marks thereof, and of the said Syndicat Oriente.

III.

That the said C. Ingenohl mentioned in

the preceding paragraph was, and at all times herein mentioned has been, the gestor of said Syndicat Oriente, and is the plaintiff in this action.

IV.

That as a result of a claim made therefor, the said plaintiff for himself and as gestor and representative of the said Syndicat Oriente in the year 1921 collected and received from the said Alien Property Custodian of the United States the purchase price of the property mentioned in paragraphs I and II of this counterclaim, paid as aforesaid by the defendant to the said Alien Property Custodian of the United States, and the said plaintiff thereby ratified and assumed the obligations of the sale and conveyance of said property to the defendant to all intents and purposes, as if the same had originally been made by him himself.

V.

That at the time of the conveyance of said property to the defendant corporation and for many years previous and subsequent thereto, and up to the time of the wrongful acts of the plaintiff as hereinafter set forth, China, the Colony of Hongkong, the Federated Malay States, and the Straits Settlements were the principal markets for the output of the cigars manufactured in the said cigar factory, and the only trade marks and trade names under which said cigars were sold in those markets by the plaintiff previous to said

conveyance, and by the defendant subsequent thereto were La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo; that by the sale of large quantities of the output of said cigar factory in said market by the plaintiff previous to said conveyance, and by the defendant thereafter under said trade marks and trade names and by the appropriate registration of said trade marks and trade names in said countries, the plaintiff previous to said conveyance, and the defendant thereafter as his successor in interest appropriated, acquired and became entitled to the exclusive use of said trade marks and trade names in said markets to designate the cigar products of said factory.

VI.

That under and by virtue of said ratification by the plaintiff and of said sale and conveyance by the Alien Property Custodian of the United States to the defendant, the plaintiff warranted and became responsible to the defendant for the legal and peaceable possession and enjoyment and use of the property thus conveyed, including said trade marks and trade names, known as La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo, to all intents and purposes the same as if the said plaintiff had himself made the original sale and conveyance thereof to the defendant.

VII.

That on or about the 28th day of May,

1919, the said trade marks and trade names known as La Perla del Oriente and El Cometa del Oriente were duly registered at Shanghai in the name of the defendant corporation for all of China with the exception of the Colony of Hongkong, with is British territory and where separate registration proceedings were and are required; that by virtue of said registration and by virtue of the sales under said trade marks and trade names of the cigars manufactured in said factory by the plaintiff previous to said conveyance and by the defendant as his successor in interest thereafter, the latter acquired the sole and exclusive right to the use of said trade marks and trade names in all of China.

#### VIII.

That as the plaintiff well knew at the time of accepting the proceeds of said sale, the Alien Property Custodian of the United States intended to and did sell and convey to the defendant, and the defendant believed it was acquiring and did acquire under and by virtue of the purchase of said cigar factory business and trade marks and trade names, the exclusive right to the use of said trade marks and trade names in said markets; that as the plaintiff also well knew at the time of the acceptance of the proceeds of said sale, said trade marks and trade names had been duly registered at Shanghai for all of China in the name of the defendant corporation, as alleged in the preceding paragraph; that as the plaintiff

likewise well knew at the time of the acceptance of the proceeds of said sale, the defendant corporation was and had been, ever since the acquisition of said factory and trade marks and trade names from the Alien Property Custodian, selling the product of said factory under said trade marks and trade names in all of said markets hereinbefore mentioned. That as the plaintiff also well knew at the time of the acceptance of the proceeds of said sale, the value of said trade marks and trade names in said markets at the time of said sale and conveyance by the Alien Property Custodian to the defendant was the sum of ₱1,000,000.00 and that said trade marks and trade names in said markets represented ₱1,000,000.00 of the entire purchase price paid by the defendant to the said Alien Property Custodian and accepted by the plaintiff as aforesaid.

#### IX.

That after obtaining from the Alien Property Custodian of the United States the proceeds of said sale to the defendant as aforesaid, the plaintiff in violation of the terms of said sale and conveyance ratified by him as aforesaid, wrongfully instituted an action in the Supreme Court of the Colony of Hongkong against the defendant in which he claimed to be the proprietor of the trade marks and trade names known as "La Perla del Oriente", "El Cometa del Oriente" and "Imperio del Mundo" in connection with cigars manufactured by



him in a Hongkong factory, which up to the time of said sale and conveyance was a mere branch of the cigar factory sold and conveyed to the defendant as aforesaid and asked for, and on May 5, 1922 secured from said Court the decision, a copy of which marked Exhibit "1" is attached hereto and made a part of this counterclaim, and under and by virtue of which and under and by virtue of the judgment subsequently entered thereon and which is the basis of plaintiff's complaint in this case, the defendant, its agents and attorneys and servants were forever enjoined from selling cigars under any of the trade marks and trade names in question in the said Colony of Hongkong, and which judgment is now, and ever since its rendition, has been in full force and effect in the said Colony of Hongkong and effectually deprives the defendant of the use and enjoyment of said trade marks and trade names in said Colony.

X.

That although said judgment of the said British Court of Hongkong had and has no legal force or effect beyond the limits of said Colony of Hongkong, said plaintiff nevertheless, in further violation of the terms of said sale and conveyance, ratified by him as aforesaid, ever since the rendition of said judgment, through his solicitors, agents, and representatives has been and still is wrongfully and unlawfully causing to be inserted in

the leading newspapers of China, the Federated Malay States, the Straits Settlements and elsewhere, articles notifying the public of the rendition of said judgment, asserting the plaintiff's exclusive right to the use of said trade marks and trade names in said countries and threatening to take legal proceedings against any person, firm or corporation having in their possession for sale cigars bearing the said trade marks or trade names, which are not manufactured by the said branch factory at Hongkong, and also causing notices of the same character to be given to the dealers in said countries in the cigars manufactured by the defendant in said cigar factory at Manila and sold in said countries under said trade marks and trade names.

That all of the articles published in the newspapers of the various countries mentioned, and the notices given to the dealers in defendant's cigars were in substantially the same form. That a copy of the notice published in the Singapore Free Press on July 11, 1922 marked Exhibit "3" for identification and of the notice published in the North China Daily News at Shanghai on July 3, 1922 marked Exhibit "4" are attached hereto and made a part of this counterclaim, and a copy of the personal notice given to one of the dealers in defendant's cigars dated August 22, 1922 marked Exhibit "5" for identification is attached hereto and made a part of this counterclaim.

That by reason of the threats contained in the notices referred to in the preceding paragraph, all the dealers in the cigars of the defendant designated by said trade marks and trade names in the markets of the countries heretofore mentioned were intimidated and deterred from further dealing in defendant's cigars, and as a result of said threats cancelled all pending orders and refused and still refuse to make any further purchases of said cigars, without guaranties protecting them against the threatened legal proceedings of plaintiff, and the goodwill of the said cigar business of the defendant and the value of said trade marks and trade names in said markets have been thereby totally destroyed by the plaintiff, and the plaintiff has thereby wrongfully and unlawfully deprived the defendant of the use and enjoyment of the said trade marks and trade names, and of the goodwill of said cigar business in said markets.

XI.

That by reason of the wrongful and unlawful acts of the plaintiff as hereinbefore set forth, the defendant has been damaged in its said cigar business in the sum of ONE MILLION (P1,000,000.00) PESOS Philippine currency.

WHEREFORE, defendant prays judgment against the plaintiff in the sum of ONE MILLION (P1,000,000.00) PESOS Philippine cur-

rency and for costs of suit.

Manila, P. I.,

November 3, 1923.

GIBBS & McDONOUGH

By A. D. GIBBS,

*Attorneys for the Defendant.*

For EXHIBIT 1 attached to the foregoing amended answer and counterclaim, see page 106.

For EXHIBIT 2, see Exhibit 1 attached to defendant's answer dated September 11, 1922 (page 20).

For EXHIBIT 3, see Exhibit 2 attached to defendant's answer dated September 11, 1922 (page 43).

For EXHIBIT 4, see page 128.

For EXHIBIT 5, see Exhibit 3 attached to defendant's answer dated September 11, 1922 (page 45).

On January 12, 1924, a "Trial Brief for Defendant" was filed.

On February 5, 1924, a "Memorandum for Plaintiff" dated February 4, 1924, was filed also.

On February 6, 1924, the Court rendered the decision which reads as follows:

(Caption and title omitted)

D E C I S I O N

This action was instituted by the plaintiff to recover of the defendant Walter E. Olsen & Co., Inc., the sum of THIRTY-ONE THOUSAND NINETY-NINE PESOS AND FORTY-

ONE CENTAVOS (P31,099.41), with legal interest thereon, which represents the costs allowed by the Supreme Court of the Hongkong Colony in a decision rendered in a civil action between the same parties.

In the second amended answer filed November 3, 1923, the defendant has set up a special defense and a counterclaim besides a general and specific denial of all the essential allegations of the complaint. The special defense is made to consist substantially in that the judgment rendered by the Supreme Court of the city of Hongkong, whereupon the action brought by the plaintiff is based, is void and of no effect, on the ground that the same was rendered as a result of a clearly erroneous application of the law and the facts. Said defense is based on the provision of subsection 2 of that section of the Code of Civil Procedure and Special Proceedings under which a judgment rendered by a foreign court may be assailed by the party against whom it is sought to be enforced, by showing, among other things, that the judgment was rendered through manifest error of law or of fact.

The counterclaim is based on several allegations contained in the answer which, for a better intelligence thereof is herein set out as follows:

“COUNTERCLAIM

By way of counterclaim against the

plaintiff, the defendant alleges:

I.

That previous to the 25th day of January, 1919, A. Mitchel Palmer, the duly appointed, qualified and acting Alien Property Custodian of the United States, under and by virtue of the Act of Congress of the United States approved October 6, 1917, known as the Trading with the Enemy Act as amended, and in accordance with executive orders issued in pursuance thereof, required and caused to be conveyed, transferred, assigned, delivered and paid over to him the property and business then owing and belonging to, or held for, by, or on account of, or on behalf, or for the benefit of the company known as Syndicat Oriente, a joint account association (*sociedad de cuentas en participacion*), of which the plaintiff was the "gestor", and which association formed under the laws of Belgium with its registered office in the City of Antwerp, Belgium, and an enemy as defined in said Act, not holding a license granted by the President under said Trading with the Enemy Act, and which the president of the United States, after investigation had determined was so owing, or so belonged, or was so held, and thereafter the said Alien Property Custodian in pursuance of said Act and proclamations and executive orders, advertised that he would sell through his managing director of the Philippine Islands to the high-

est bidder at public sale, subject to the terms and conditions set forth in the advertisement of sale, the said property and business of the Syndicat Oriente and of the said plaintiff as its gestor on the 27th day of December, 1918 at Manila in the Philippine Islands, and pursuant to said advertisement of sale, and in compliance with all the terms and conditions therein set forth, and after due and public notice given thereof, on the 27th day of December, 1918 duly sold at public sale at Manila, Philippine Islands the said property and business, with certain exceptions immaterial to this case mentioned in the deed of conveyance hereinafter referred to, in consideration of the bid therefor by the said defendant corporation of the sum of ₱2,350,000.00 Philippine currency, which was the highest bid of any bidder qualified to bid for and purchase said property and business at said sale, and the said Alien Property Custodian of the United States having thereafter accepted said bid and received from the defendant corporation in cash the amount of said bid, did on the 25th day of January, 1919, under and by virtue of said Act of Congress and said proclamations and executive orders, execute in favor of the defendant corporation a deed of conveyance of said property and business of the said Syndicat Oriente and of the said plaintiff as its gestor a copy of which deed marked Exhibit "2" for identification is hereto attached and made a part of this amended

answer and counterclaim.

II.

That among the property conveyed and described in said deed so executed by the Alien Property Custodian of the United States in favor of the defendant corporation was the cigar and cigarette factory situated in the City of Manila, Philippine Islands, known as "El Oriente Fabrica de Tabacos, C. Ingenohl", and all incidents and appurtenances thereto including the business as a going concern and the goodwill, trade names and trade marks thereof, and of the said Syndicat Oriente.

III.

That the said C. Ingenohl mentioned in the preceding paragraph was, and at all times herein mentioned has been, the gestor of said Syndicat Oriente, and is the plaintiff in this action.

IV.

That as a result of a claim made therefor, the said plaintiff for himself and as gestor and representative of the said Syndicat Oriente in the year 1921 collected and received from the said Alien Property Custodian of the United States the purchase price of the property mentioned in paragraphs I and II of this counterclaim, paid as aforesaid by the defendant to the said Alien Property Custodian of the United States, and the said plaintiff thereby ratified and assumed the obligations of the sale and conveyance of



said property to the defendant to all intents and purposes, as if the same had originally been made by him himself.

V.

That at the time of the conveyance of said property to the defendant corporation and for many years previous and subsequent thereto, and up to the time of the wrongful acts of the Plaintiff as hereinafter set forth, China, the Colony of Hongkong, the Federated Malay States, and the Straits Settlements were the principal markets for the output of the cigars manufactured in the said cigar factory, and the only trade marks and trade names under which said cigars were sold in those markets by the plaintiff previous to said conveyance, and by the defendant subsequent thereto were La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo; that by the sale of large quantities of the output of said cigar factory in said markets by the plaintiff previous to said conveyance, and by the defendant thereafter under said trade marks and trade names and by the appropriate registration of said trade marks and trade names in said countries, the plaintiff previous to said conveyance, and the defendant thereafter as his successor in interest appropriated, acquired and became entitled to the exclusive use of said trade marks and trade names in said markets to designate the cigar products of said factory.

VI.

That under and by virtue of said ratification by the plaintiff and of said sale and conveyance by the Alien Property Custodian of the United States to the defendant, the plaintiff warranted and became responsible to the defendant for the legal and peaceable possession and enjoyment and use of the property thus conveyed, including said trade marks and trade names, known as La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo, to all intents and purposes the same as if the said plaintiff had himself made the original sale and conveyance thereof to the defendant.

VII.

That on or about the 28th day of May, 1919, the said trade marks and trade names known as La Perla del Oriente and El Cometa del Oriente were duly registered at Shanghai in the name of the defendant corporation for all of China with the exception of the Colony of Hongkong, which is British territory and where separate registration proceedings were and are required; that by virtue of said registration and by virtue of the sales under said trade marks and trade names of the cigars manufactured in said factory by the plaintiff previous to said conveyance and by the defendant as his successor in interest thereafter, the latter acquired the sole and exclusive right to the use of said trade marks and trade names in all of China.

VIII.

That as the plaintiff well knew at the time of accepting the proceeds of said sale, the Alien Property Custodian of the United States intended to and did sell and convey to the defendant, and the defendant believed it was acquiring and did acquire under and by virtue of the purchase of said cigar factory business and trade marks and trade names, the exclusive right to the use of said trade marks and trade names in said markets; that as the plaintiff also well knew at the time of the acceptance of the proceeds of said sale, said trade marks and trade names had been duly registered at Shanghai for all of China in the name of the defendant corporation, as alleged in the preceding paragraph; that as the plaintiff likewise well knew at the time of the acceptance of the proceeds of said sale, the defendant corporation was and had been, ever since the acquisition of said factory and trade marks and trade names from the Alien Property Custodian, selling the product of said factory under said trade marks and trade names in all of said markets hereinbefore mentioned. That as the plaintiff also well knew at the time of the acceptance of the proceeds of said sale, the value of said trade marks and trade names in said markets at the time of said sale and conveyance by the Alien Property Custodian to the defendant was the sum of P1,000,000.00 and that said trade marks and trade names

in said markets represented ₱1,000,000.00 of the entire purchase price paid by the defendant to the said Alien Property Custodian and accepted by the plaintiff as aforesaid.

IX.

That after obtaining from the Alien Property Custodian of the United States the proceeds of said sale to the defendant as aforesaid, the plaintiff in violation of the terms of said sale and conveyance ratified by him as aforesaid, wrongfully instituted an action in the Supreme Court of the Colony of Hongkong against the defendant in which he claimed to be the proprietor of the trade marks and trade names known as "La Perla del Oriente", "El Cometa del Oriente" and "Imperio del Mundo" in connection with cigars manufactured by him in a Hongkong factory, which up to the time of said sale and conveyance was a mere branch of the cigar factory sold and conveyed to the defendant as aforesaid and asked for, and on May 5, 1922 secured from said Court the decision, a copy of which marked Exhibit "1" is attached hereto and made a part of this counterclaim, and under and by virtue of which and under and by virtue of the judgment subsequently entered thereon and which is the basis of plaintiff's complaint in this case, the defendant, its agents and attorneys and servant were forever enjoined from selling cigars under any of the trade marks and trade names in question in the said Colony of Hongkong, and

which judgment is now, and ever since its rendition, has been in full force and effect in the said Colony of Hongkong and effectually deprives the defendant of the use and enjoyment of said trade marks and trade names in said Colony.

X.

That although said judgment of the said British Court of Hongkong had and has no legal force or effect beyond the limits of said Colony of Hongkong, said plaintiff nevertheless, in further violation of the terms of said sale and conveyance, ratified by him as aforesaid, ever since the rendition of said judgment through his solicitors, agents, and representatives has been and still is wrongfully and unlawfully causing to be inserted in the leading newspapers of China, the Federated Malay States, the Straits Settlements and elsewhere, articles notifying the public of the rendition of said judgment, asserting the plaintiff's exclusive right to the use of said trade marks and trade names in said countries and threatening to take legal proceedings against any person, firm or corporation having in their possession for sale cigars bearing the said trade marks or trade names, which are not manufactured by the said branch factory at Hongkong, and also causing notices of the same character to be given to the dealers in said countries in the cigars manufactured by the defendant in said cigar factory at Manila and sold in said countries

under said trade marks and trade names.

That all of the articles published in the newspapers of the various countries mentioned, and the notices given to the dealers in defendant's cigars were in substantially the same form. That a copy of the notice published in the Singapore Free Press on July 11, 1922 marked Exhibit "3" for identification and of the notice published in the North China Daily News at Sanghai on July 3, 1922 marked Exhibit "4" are attached hereto and made a part of this counterclaim, and a copy of the personal notice given to one of the dealers in defendant's cigars dated August 22, 1922 marked Exhibit "5" for identification is attached hereto and made a part of this counterclaim.

That by reason of the threats contained in the notices referred to in the preceding paragraph, all the dealers in the cigars of the defendant designated by said trade marks and trade names in the markets of the countries heretofore mentioned were intimidated and deterred from further dealing in defendant's cigars, and as a result of said threats canceled all pending orders and refused and still refuse to make any further purchases of said cigars, without guaranties protecting them against the threatened legal proceedings of plaintiff, and the goodwill of the said cigar business of the defendant and the value of said trade marks and trade names in said markets have been thereby totally destroyed by the

plaintiff, and the plaintiff has thereby wrongfully and unlawfully deprived the defendant of the use and enjoyment of the said trade marks and trade names, and of the goodwill of said cigar business in said markets.

XI.

That by reason of the wrongful and unlawful acts of the plaintiff as hereinbefore set forth, the defendant has been damaged in its said cigar business in the sum of ONE MILLION (1,000,000.00) PESOS Philippine currency."

As a counterclaim the defendant prays that judgment be rendered against the plaintiff, ordering him to pay the defendant the sum of ONE MILLION PESOS (P1,000,000) and costs.

On July 30, 1923, the parties submitted the following agreed statement of facts, besides having stipulated that they expressly reserved the right to present further evidence, which in a large majority consists of depositions of various witnesses:

"AGREED STATEMENT OF FACTS.

Without prejudice to the introduction of such oral and documentary evidence as either party may present at the time fixed by the Court for the trial of this case, and saving all just objections and exceptions to the admissibility of such facts, or any of them, as evidence in this case, it is hereby mutually stipulated and agreed by and between the parties, their counsel and attorneys, as follows:

1. That the defendant, Walter E. Olsen & Co., Inc., is a corporation duly organized, existing, and doing business under the laws of the Philippine Islands, having its principal place of business at the City of Manila, and that the said Walter E. Olsen & Co., Inc., is the same Walter E. Olsen & Co., Inc., referred to in the judgment of the Supreme Court of Hongkong sued on herein, a duly certified copy of which said judgment is hereto attached marked Exhibit "A", and made a part hereof;

2. That the Supreme Court of Hongkong is a court of record of general jurisdiction, and at the time of the rendition of the judgment sued on herein (Exhibit "A") had jurisdiction over the parties to the action in which the said judgment was rendered, and of the subject-matter of the said action;

3. That the defendant Walter E. Olsen & Co., Inc., appeared and was represented by counsel in the Supreme Court of Hongkong in the action in which the said judgment (Exhibit "A") was rendered;

4. That the defendant has refused to pay to the plaintiff the amount of the said judgment, to wit, the sum of Twenty-six Thousand two Hundred Forty-four and 23-100 Dollars (\$26,244.23), Hongkong currency, equivalent to Thirty-one Thousand Ninety-nine Pesos and Forty-one Centavos (P31,099. 41), Philippine currency;

5. That Exhibit "1" attached to defend-



ant's amended answer and counterclaim is a true copy of the decision of the Supreme Court of Hongkong, upon which the judgment referred to in the third paragraph of plaintiff's complaint was based;

6. That Exhibit "2" attached to defendant's amended answer and counterclaim is a true copy of the Deed of Transfer executed on the 25th day of January, 1919, by A. Mitchell Palmer, the duly appointed, qualified and acting Alien Property Custodian of the United States in favor of the defendant corporation, and that the recitals contained in said Deed of Transfer were and are true, except that the Syndicat Oriente mentioned therein was formed under the laws of Belgium with its head office at Antwerp, by Articles of Agreement dated November 28, a copy of which marked Exhibit "B" is hereto attached and made a part hereof. Under the said agreement the plaintiff was the "Gerant" of the said Syndicat Oriente, and his rights and liabilities as well as those of the other parties to the said agreement to outsiders and *inter se* are governed by said articles and by the laws of Belgium which are agreed to be substantially the same as the laws of the Philippines with respect to joint accounts (*cuentas en participacion*) as provided by Articles 239-243 of the Philippine Code of Commerce. It is understood however that the defendant will raise no question in this case as to the authority of the plaintiff to maintain said

action before the Hongkong Court.

7. That the Ingenohl mentioned in said Deed of Transfer as C. Ingenohl, and as Francisco Adolfo Ingenohl, is the plaintiff in this action, and was, at the time of the seizure and sale of the property mentioned in said Deed of Transfer, and from that time up to and including the time of the receipt by him from the Alien Property Custodian of the proceeds of said sale, continued to be the "Gerant" of the Syndicat Oriente *mentioned in said Deed of Transfer*, with full power and authority to claim and receive the proceeds of said sale from the said Alien Property Custodian of the United States.

8.—That as a result of the claim made therefor, the said plaintiff for himself and as "Gerant" and general representative of the said Syndicat Oriente, on the 13th day of December, 1920, and 28th day of March, 1921, collected and received from the Alien Property Custodian of the United States, the sum of \$1,511,124.50, United States currency, being the equivalent with interest of the purchase price of the property described in said Deed of Transfer and paid to said Alien Property Custodian by the defendant corporation, and the said plaintiff then and there issued to the said Alien Property Custodian of the United States two receipts, copies of which marked Exhibits "C" and "D" are hereto attached and made a part hereof; that neither

the plaintiff nor the Syndicat Oriente has at any time either orally or in writing ratified consented to or agreed to the action of the Alien Property Custodian in selling the property described in the said Deed of Transfer, other than as may be deduced from the action of the said plaintiff in making claim for and receiving the proceeds of the sale of said property, and the plaintiff reserves the right to contend and does contend that such action on his part did not and does not constitute a ratification of said sale.

9.—That at the time of the conveyance of said property by the Alien Property Custodian of the United States to the defendant corporation and for many years previous and subsequent thereto, and up to the time of the rendition by said Supreme Court of Hongkong of the judgment (Exhibit "A"), China, the Colony of Hongkong, the Federated Malay States and Straits Settlements, were among the markets in which the output of the cigars manufactured in the cigar factory known previous to its conveyance to the defendant corporation as "El Oriente Fabrica de Tabacos", and that among the Trade Marks and Trade Names under which such cigars were sold in those markets by the plaintiff previous to said conveyance, and by the defendant subsequent thereto were "La Perla del Oriente", "El Cometa del Oriente" and "Imperio del Mudo."

10.—That at the time of rendering the decision and entering the judgment (Exhibit "A"), the said Supreme Court of Hongkong had before it and under consideration said Deed of Transfer executed by the Alien Property Custodian in favor of the defendant corporation and facsimiles of the Trade Marks and Trade Names under which the output of both the Manila cigar factory and the Hongkong factory hereinafter mentioned had been sold in Hongkong and the other markets mentioned, and had also before it and under consideration the admission of the plaintiff that he had received the proceeds of said sale by the Alien Property Custodian to the defendant corporation as evidenced by said Deed of Transfer. That said action in Hongkong was instituted on the 9th day of October, 1919.

11.—That the facsimile of one of the Trade Marks or labels presented as evidence to said Supreme Court of Hongkong depicted among other things the head and shoulders of a Filipina woman in a yellow *camisa*. The picture is surrounded with green leaves and pink flowers. Above is a scroll with the words "La Perla Oriente" printed on it and underneath is another scroll with the words "El Oriente Fabrica de Tabacos, Sociedad Anonima Manila". That a facsimile of said trade marks or label marked Exhibit "E" is hereto attached and made a part hereof.

12.—That subsequent to the transfer of

said trade-marks and trade-names by the said Sociedad Anonima to the said plaintiff Ingenohl as hereinafter set forth, the words on the scroll at the foot of said label mentioned in the preceding paragraph were changed to "El Oriente Fabrica de Tabacos, Manila", as shown by the facsimile hereto attached, marked Exhibit "F" and made a part hereof.

13.—That the facsimile of another Trade Mark or label likewise presented as evidence to the said Supreme Court of Hongkong in *part depicted a Filipina woman* dressed in a red skirt and loose yellow *camisa*, holding in the left hand by its cover an open cigar box full of cigars, her right hand resting on a Spanish coat of arms. Above are printed the words "La Perla del Oriente". The Spanish coat of arms is the Royal Coat of Arms of Spain. Underneath the said arms are the obverse and reverse of three Medals. On one of the Medals it is stated on the reverse to have been awarded to "El Oriente Fabrica de Tabacos, Manila". The buildings in the back ground are the Towers of the Dominican Church (Walled City), Manila and the high column is the Magallanes Monument, Manila. That a facsimile of said trade mark or label marked Exhibit "G" is hereto attached and made a part hereof.

14.—Another fascimile of a Trade Mark and Trade Name also presented as evidence to the said Supreme Court of Hongkong depicts

the old Bridge of Spain across the Pasig River at Manila, showing in the back ground the Old Stone Wall of the Walled City, Manila and the Dominican Church, Magallanes Monument, Intendencia building and the Church Towers of the Walled City of Manila and above several Stars and a Comet, on the Tail of which appear the words "El Cometa del Oriente," That a copy of said trade mark or label marked Exhibit "H" is hereto attached and made a part hereof.

15.—That it further appeared upon the trial of said action in the said Supreme Court of Hongkong, and it is stipulated to be true, that between the years 1882 and 1905, El Oriente Fabrica de Tabacos Sociedad Anonima (hereinafter referred to as the Sociedad Anonima) carried on business as manufacturers of cigars and cigarettes at Manila Philippine Islands, and made use in connection with the sale of its output throughout the Far East of the Trade Marks which are in dispute in this action. That the head office of the said Sociedad Anonima was at Antwerp, Belgium.

16.—That on or about the 21st day of April, 1906, the said Sociedad Anonima, being then in liquidation, transferred all of its business interests and assets together with the goodwill thereof and Trade Marks and trade names of said Sociedad Anonima wherever in use (including the Trade Marks and

trade names in dispute in this action), to the plaintiff. That said transfer was effected by means of an instrument in writing, a copy of which is hereto attached marked Exhibit "J". That plaintiff as Gerant of said Syndicat Oriente which had been organized in the meantime for that purpose, carried on business in the Philippine Islands and throughout the Far East under the style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" (hereinafter referred to as El Oriente Fabrica de Tabacos).

17.—That in the year 1908 the plaintiff as Gerant of said Syndicat Oriente, opened the said Hongkong factory for the manufacture and sale of cigars which were composed, in part, of tobacco supplied by El Oriente Fabrica de Tabacos in the Philippine Islands, and, in part, of tobacco wrapper imported from Java. That subsequent to the establishment of the said Hongkong factory its output was sold throughout the Far East (except in the Philippine Islands) concurrently with the output of the Manila factory under the trade marks and trade names in question, except that on one of the outside labels of each box or package containing the output of the said Hongkong factory there appeared the words "El Oriente Fabrica de Tabacos Hongkong, Sucursal de la Fabrica en Manila." That a facsimile of one of said covering labels marked Exhibit "I" is hereto attached and made a part hereof.

18.—That the only factory belonging to the said Sociedad Anonima of Antwerp was the Manila factory, and the only factory belonging to the plaintiff personally or as Gerant of the Syndicat Oriente was the said Manila Factory up until the time of the establishment of the said Hongkong Factory, and thereafter the only factories owned by the plaintiff or the said Syndicate Oriente were the said Manila and Hongkong factories.

19.—That the said Trade Marks which are in dispute in this action were registered in the Philippine Islands in the years 1884-1887 as the property of the said Sociedad Anonima and registration thereof in the Philippine Islands of said property was renewed in the year 1902.

20.—That the said Trade Marks were subsequently in the year 1903 registered on the Hongkong Register of Trade Marks as the property of the said Sociedad Anonima.

21.—That on or about April, 1906, the assignment of the said Trade Marks to El Oriente Fabrica de Tabcaos was registered in the Philippine Islands and in February, 1910, said Trade Marks were assigned on the Hongkong Register with the knowledge and authority and by direction of the plaintiff to the name of the said Syndicat under its said style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" as the Proprietor of the said Trade Marks.



22.—That for many years prior to the sale by the Alien Property Custodian of the said trade-marks and trade-names, the same were registered in various countries as follows:

In France, Australia, New Zealand, Shanghai and Hongkong in the name of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila", seven registrations in Belgium, six of which are in the name of "El Oriente Fabrica de Tabacos, Antwerp" represented by its manager C. Ingenohl. The seventh registration is of "Imperio del Mundo, C. Ingenohl, Manila."

In the English registrations the name is "Carl Ingenohl, Managing Director of and on behalf of El Oriente Fabrica de Tabacos, Sociedad Anonima, Antwerp, Belgium, and Manila, Philippine Islands."

There is but one American registration and that is of "El Cometa del Oriente", Carl Ingenohl", giving his address at Antwerp and also conducting business under the trade name of "El Oriente Fabrica de Tabacos at 124 San Pedro Street, Manila, Philippine Islands."

The registration for Java and Sumatra reads "El Oriente Fabrica de Tabacos, C. Ingenohl."

The German registration is "El Oriente Fabrica de Tabacos, Sociedad Anonima, Emil Schoett", and one subsequent registration with the name of C. Ingenohl substituted for

Schoett, but counsel for the defendant objects to the consideration of such registration as wholly immaterial and for the further reason that the defendant as purchaser of the factory and business known as "El Oriente Fabrica de Tabacos, C. Ingenohl Manila", succeeded to all of the latter's rights under said registration.

23.—That the said plaintiff on the 13th day of March, 1917, renewed the registration of the said Trade Marks on the Hongkong Register for a further period of fourteen years from the 15th of April, 1917, in the name of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila," Proprietor.

24.—That from the time of the establishment of said factory in Manila by the plaintiff, until the present time, approximately 95% of the output thereof has been exported.

25.—That on or about the 28th day of May, 1919, the said Trade Marks and Trade Names known as La Perla Del Oriente and El Cometa del Oriente were registered at Shanghai in the name of the defendant corporation for all of China, with the exception of the Colony of Hongkong which is British Territory and where separate registration proceedings were and are required. The plaintiff had no knowledge of the registration of the said Trade Marks at Shanghai until requested by the defendant to enter into this stipulation of facts, and the plaintiff

does not concede the validity of the said registration nor waive his right to take any action with respect thereto which he may deem suitable or proper.

The said Trade marks and Trade Names have been registered in the name of said Syndicat Oriente under its said style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" at the Shanghai Custom House since January, 1907.

26.—That the registrations referred to in the last preceding paragraph by both the plaintiff and defendant were made in the same manner.

27.—That the plaintiff at the time of the acceptance from the Alien Property Custodian of the proceeds of the sale of said property knew that the defendant corporation had been, ever since the purchase of said property, selling the product of said factory under said Trade Marks and Trade Names in all of said markets hereinbefore mentioned.

28.—That proceeds obtained by the Alien Property Custodian from the sale made by him as aforesaid were received by the plaintiff after the commencement of the action resulting in the judgment sued on herein, but prior to the rendition of the said judgment.

29.—That the jurisdiction of the said Supreme Court of Hongkong was and is limited to the Colony of Hongkong

30.—That ever since the rendition of said judgment by the said Supreme Court of Hongkong, the plaintiff through its Solicitors, agents and representatives has been and still is causing to be inserted in the leading newspapers of China, the Federated Malay States, and the Straits Settlements articles notifying the public of the rendition of said judgment, asserting the plaintiff's exclusive right to the use of said Trade Marks and Trade Names in said countries, and threatening to take legal proceedings against any person, firm or corporation having in their possession for sale, cigars bearing the said Trade Marks and Trade Names which are not manufactured by the plaintiff in said Hongkong factory, and also causing notices of the same character to be given to the dealers in said countries in the cigars manufactured by defendant in said factory at Manila and sold in said countries under said Trade Marks and Trade Names.

31.—That all of the articles published in newspapers of the various countries mentioned and the notices given to the dealers in defendant's cigars were in substantially the same form; that Exhibit "3" of defendant's amended answer is a copy of a notice which the plaintiff caused to be published in the Singapore Free Press on July 11, 1922, and that Exhibit "4" of the same answer is a true copy of a notice which the plaintiff caused to be publish-

ed in the North China Daily News at Shanghai on July 3, 1922, and Exhibit "5" of the same answer is a true copy of a personal notice which the plaintiff caused to be given to one of the dealers in defendant's cigars dated August 22, 1922.

The foregoing admissions of fact are made on the part of plaintiff with the following reservations:

1. That the plaintiff objects to the admission in evidence and consideration by the Court of the facts set forth in paragraphs 6 to 31 inclusive, on the following grounds:

(a) That this Honorable Court has no jurisdiction to revise or review the judgment (Exhibit "A") of the Supreme Court of Hong-kong;

(b) That no evidence should be received in support of the defendant's answer and counterclaim, for the reason that the same do not state facts sufficient to constitute a counterclaim or defense;

(c) That the facts set forth in the said paragraphs 6 to 31, inclusive, are incompetent, irrelevant, and immaterial as evidence in this case.

2. That the admissions of fact set forth in the said paragraphs 6 to 31, inclusive, are made for the purposes of this case only, and are not to be used against the plaintiff or

defendant for any other purpose or on any other occasion.”

It was admitted by the parties that on May 5, 1922, the Supreme Court of the Hongkong Colony rendered judgment in a civil case between Carl Franz Adolph Otto Ingenohl, as plaintiff, and Walter E. Olsen & Co., Inc., and the Trade-Marks Registrar of the Hongkong Colony, as defendants, adjudicating in favor of the plaintiff, among other things, the sum of TWENTY-SIX THOUSAND TWO HUNDRED FORTY-FOUR DOLLARS AND TWENTY-THREE CENTAVOS (\$26,244.23), Hongkong currency, as costs, which on that dated was equivalent to the sum claimed in the complaint of THIRTY-ONE THOUSAND NINETEEN PESOS AND FORTY-ONE CENTAVOS (P31,099.41), Philippine currency. The defense, as well as the counterclaim set up by the defendant, is based on the alleged nullity of the said judgment, and for this reason the question whether or not the aforesaid judgment has the defects pointed out by the defense will be discussed in this opinion.

The judgment rendered, as above stated, by the Supreme Court of Hongkong was based on the decision rendered by the Chief Justice of said Supreme Court, who took cognizance of the case, Sir William Rees Davies, which literally is as follows:

“CARL FRANZ ADOLF OTTO INGENOHL  
V.

WALTER E. OLSEN AND COMPANY INCORPOR-  
ATED & THE REGISTRAR OF TRADE MARKS  
OF THE COLONY OF HONKONG  
(O. J. No. 177 OF 1910)

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In this action the plaintiff claims to be the proprietor of certain trade marks in connection with cigars alleged to be manufactured by him and he ask for an injunction to restrain the first defendant his servants and agents from selling cigars in boxes bearing the trade marks in question and from passing off goods not of the plaintiff's manufacture as and for the goods not of the plaintiff. He also claims damages.

As appears from the hearing of the action the Registrar of Trade Marks in the Colony was formally made a part to the action, but he has not appeared or taken any part in the proceedings.

The material facts are shortly as follows:

The plaintiff was born in Germany but is a naturalized Belgian subject, and about 1876 he set up in Antwerp in the cigar and tobacco business. In 1882 the monopoly of the Spanish Government in the cigar trade in Manila came to an end and he in conjunction with others founded in Antwerp a company under the style of “El Oriente Fabrica

de Tabacco Societe Anonyme". He was as he alleges, "administrator Directuer" of the society and a branch office was opened in Manila under the same name in 1883. This company continued until 1905 when it went into voluntary liquidation.

On the 28th November 1905 an "Association in participation governed by the laws of Belgian under the denomination of Syndicate Oriente" was formed. Articles were entered into and the seat (Head office) of the association was to be at Antwerp at the offices of the "Gerant".

On the same date the liquidators of the old company in liquidation executed an assignment purporting to convey to the plaintiff Ingenohl all the assets of the company including trade marks subject to his taking over debts and liabilities and to the payment of a certain sum as against the scrip. He was also authorized to continue the business in future under the style of "El Oriente Fabrica de Tabaccos C. Ingenohl".

In 1909 a factory was opened in Mong Kok, Hongkong, under the name of "The Orient Tobacco Manufactory" and in February 1910 application was made by the Manager in Hongkong to the Registrar of Trade Marks in Hongkong to register the firm as owners of the marks, and in the same month (February 1910) an assignment was



endorsed in the register of Trade Marks to "El Oriente Fabrica de Tabacos C. Ingenohl Manila" of the cigars covered by the registration in "El Oriente Fabrica de Tabacos Sociedad Anonima Manila and Antwerp".

The business was carried on in Hongkong whether as a separate concern, or as a branch of the Antwerp business under the ownership of the plaintiff Ingenohl, or as a branch (succursale) of the Societe at Manila is in issue.

In January 1919 the Alien Property Custodian of the United States appointed under the Act of Congress of 1917 (The Trading into the Enemy Act) assigned to the defendant for the consideration named "all the property real and "personal and all effects and "assets of every kind in the Philippine Islands including the "business as a going concern and the goodwill trade name and trade "marks thereof of Syndicate Oriente, a company formed under the "laws of Belgium with its registered office in Antwerp Belgium and "heretofore doing business in the Philippine Islands under the name "El Oriente Fabrica de Tabacos C. Ingenohl".

By virtue of this assignment the defendant claims to be the owner of the marks in question which prior to the assignment from the Custodian he alleges where the property of the Syndicate in Manila and its predecessor in title the Sociedad Anonima. He counter-

claims asking for an injunction and damages.

The plaintiff contra says that the sale and assignment does not purport to affect the Hongkong marks to give the defendant any right to use the same and he further says that such sale and assignment "were unlawful and contrary to the principles recognized by British Courts."

I now come to the question of ownership in the marks prior to the assignment of 1919 by the Enemy Alien Custodian. Plaintiff claims to have been throughout the owner of the business both in Hongkong and Manila. The original office he says was in Antwerp and the Hongkong factory was a branch of his Antwerp business. I may mention as a fact that there was no factory or actual place of business in Antwerp but according to the plaintiff's case the head office was situated there.

In support of his allegation of ownership he relies on the agreement of 28th November 1905 to which I have referred from the liquidators of the old Company. He also relies on the registration in the Hongkong register, the terms of which I have set out.

The indorsement in the Hongkong register was, it was proved in evidence, effected on the application in writting of the Hongkong Manager, and the terms of the assignment of 1905 from the liquidators of the old company were so far as they were material

expressly set out in the application for registration.

Now I have stated that on 28th November 1905 articles governing the new Syndicate Oriente were entered into contemporaneously—in fact on the same date—as the assignment to the plaintiff from the liquidators of the old company. The defendant contends that these Articles taken in conjunction with the annual reports and balance sheet written by the plaintiff as “Gerant” (Manager) and addressed to “les participants” demonstrate two things, firstly that the plaintiff was only Gerant and had no private property beyond his interest as a shareholder. He is as a fact stated in the Articles to hold 860 of the 1400 shares. And secondly that the Hongkong business was a succursale (branch) of the Manila business.

Now the plaintiff gave evidence on commission and much of it was directed to his position under the Articles of Association in question and also to the legal and relative position of the Hongkong business. Two advocates of the Belgian Courts were called by the plaintiff also on commission who gave evidence on the law affecting Association in Participation and the rights and liabilities of a Gerant. No evidence was before me by the defendant.

Various arguments have been imported into the case bearing inter alia on the follow-

ing matters.

(a) The question of the ownership of the Hongkong marks and whether the plaintiff's position in regard to them, taken in conjunction with the Articles of Association is to be determined by Belgian or English Law; assuming the plaintiff to have the right which the defendant challenged, of raising the issue of Belgian law without specifically pleading it.

(b) The construction and effect of the assignment of 1919 to the defendant, and the further question whether that assignment was the outcome of a penal Act which deprives the defendant of the right of relying on it in these Courts.

Now the plaintiff's claim is resisted by the defendant on the ground of this assignment by virtue of which he claims his title. It is in fact the turning point in the case, and I have without difficulty arrived at a conclusion as to the legal construction to be placed on it in regard to the trade marks in question which in my judgment determines the question of assignment in the Hongkong marks and makes it unnecessary to decide some subsidiary issues in the case.

Now to come to the assignment of 1919. It is an assignment by the Alien Property Custodian appointed under the Trading with the Enemy Act to the defendant of "all the property . . . . of every kind and description

whatsoever situate in the Philippine Islands . . . . . including the business as going concern and the goodwill trade name and trade marks thereof to Syndicate Oriente, a company formed under the laws of Belgium with its registered office in Antwerp Belgium and heretofore doing business in the Philippine Islands under name of El Oriente Fabrica de Tabacos C. Ingenohl”.

Now the express words of limitation “wheresoever situate in the Philippine Islands” may possibly be regarded as superfluous as it is clear that the Act of Congress could not contemplate conferring any extra-territorial rights in the sense of effecting rights outside the territory of the United States.

Then as to the words in the parcels “including the business as a going concern and the goodwill”, Mr. Pollock strenuously argued that it included the long established right to import cigars to Hongkong, among other places which was an important part of the business, and that the trade marks were assigned with the goodwill of the business in Manila within the meaning of Sec. 22 of the Trade Marks Ordinance 1909. He relied on the plaintiff’s evidence to show that all the acquirements of the Hongkong factory were “borrowed plumes from Manila” where the Syndicate had acquired its reputation.

He also relied on clause 4 which assign-

ed "any interest in the foregoing which may belong to Ingenohl" i. e. every interest that Ingenohl possessed.

The learned Counsel for the plaintiff in reply argued that neither the plaintiff Ingenohl nor the Syndicate were parties to the assignment; that the rights to trade marks in foreign countries are obviously assets of great value and would be specifically included, whereas there is an entire absence of reference to them, in the assignment. Further that the marks are registered in many countries and the Alien Property Custodian (hereinafter called "The custodian") clearly could not contemplate selling any rights abroad; and further that there was no evidence from Manila as to the intention or scope of the assignment or in support of defendant's contention,

As to Mr. Pollock's contention that the assignment of the goodwill covered the right to import cigars to Hongkong Mr. Porter draws attention to the restrictive words in the parcel clause "wheresoever situate in the Philippine Islands" and "heretofore doing business in the Philippine Islands". He further relied on clause 3 of the assignment which assigns all accounts . . . . belonging to the said business except the account owing by the Orient Tobacco Manufactory of Hongkong" and he contended that the Manila books have not been put in evidence, and as presumably

the account appears in the Manila books as an assets of the Manila firm that a purchaser may consider that he took over the debt so the account was expressly excepted in the assignment as there was no power to sell a Hongkong debt. It was also contended that if the Hongkong trade Marks had been regarded as Manila property the Manila books would have been produced to show it. Further that the Court has no evidence before it that any of the purchase money was in respect of Hongkong or foreign trade marks, the reason being that the Custodian had no rights in respect of the Hongkong or foreign trade marks.

I have now set out briefly the arguments based on the construction of the assignment, and I have to consider what would be the effect in law if I accept the construction which Mr. Pollock asks me to put on the assignment i. e. that the assignment by the Custodian in the words cited gave or reserved the right to import the cigars to Hongkong and to trade here in them.

This case is I think covered by the authority of the *Chartreuse Case*—*Rey v. Lecouturier* (1908) 2 Ch 715, (1910) A. C. 362. The case arose out of the manufactured by Carthusian monks of Chartreuse by a secret process. Under French penal law the goodwill in France of the business of that manufacture and the French trade marks became vested, as was held by the French Court, in

Lecouturier, a judicial officer, and he claimed also to have become entitled to the goodwill in England and the English trade marks, and on his application he was registered as proprietor of those trade marks in the place of Rey, who was a trustee for the monks. On the other hand, the Carthusian monks and a Spanish company claiming under them claimed that the monks remained in possession of the secret process, and applied to rectify the Register of Trade Marks by expunging the entries of the name of Lecouturier from the Register, and they also brought an action to restrain him and persons claiming under him from passing off liqueurs not manufactured by the plaintiffs, complaining of the use of the word "Chartreuse" and of advertisements and statements issued by the defendant in connection with their trade in England. The plaintiffs succeeded both in the Court of appeal and in the House of Lords, in being held that, although under the French penal law, the property of the monks in France became vested in Lecouturier, that law did not affect the goodwill in England nor the English trade marks.

Lord Macnaghten in his judgment on page 264 says "The monks were forcibly expelled from the country, and all their property in France, including their distillery and their French trade marks was confiscated and sold. The particulars of sale purported to com-



promise the commercial business of the monks and 'the customers and goodwill attached to the business'. But two things that belonged to them—the secret of their manufacturing process and the reputation which their liqueurs had acquired in foreign countries, and notably in England—were incapable of being seized or confiscated. Expelled from France and exiled from their old home, the monks of La Grande Chartreuse carried with them the secret of Their manufacture and the power of securing the benefit of the reputation which their skill had gained for them abroad".

And again at page 265 "The only plausible ground of appeal urged at the Bar was that under French law and by reason of their purchase from the liquidator the appellants were justified in doing what they have done. To me it seems perfectly plain that it must be beyond the power of any foreign Court or any foreign legislature to prevent the monks from availing themselves in England of the benefit of the reputation which the lequeurs of their manufacture have acquired here or to extend or communicate the benefit of that reputation to any rival or competitor in the English market. But it is certainly satisfactory to learn from the evidence of experts in French law that the Law of Association is a penal law—a law of police and order—and is not considered to have any extraterritorial effect."

Lord Shaw says on page 267 "I proceed further to say that I think it would be, so far as I can see, not acting in accordance with the true meaning and effect of the French Legislature and decrees, but acting contrary to that meaning and effect, to give them the application beyond the territory of the French Republic which is desired in this case." And again on page 268 "I cannot trace anything, either express or implied, which suggests extra-territorial operation." Lord Loreburn says at page 273 "this property which has come in question in this appeal is property situated in England and must therefore be regulated and disposed of in accordance with the law of England".

I may point out that counsel in the Court below had argued that the trade marks were accessory to the French business, and that therefore the benefit of their English trade marks though they were not the subject of a definite decision in the French Courts passed under the French judgment as there had been a complete vesting of the business in the purchaser from the liquidator under a judicial sale. It was therefore argued that the liquidator or his assignee having the right to use the French labels in France carried with it the property in the trade marks in other countries. Further that no English right of property in the trade marks is acquired from the fact that they are on the English Register, that they could not exist

apart from the French business and that the right of the property in them as a right of the French company in separate, not a separate local right in England.

This argument was entirely overruled both in the Court of Appeal and in the House of Lords for the reasons given in the judgments which I have cited.

And to apply the decision to this case the trade marks in question had been registered many years before in Hongkong, the cigars admittedly had for a long time acquired a reputation in the Hongkong market, and the assignment by the Custodian of the assets in the Manila firm cannot have any extra-territorial effect so as to effect the rights of the party concerned in Hongkong whoever that party may be.

The effect of the assignment was clearly to deprive the owner, whether the plaintiff Ingenohl or the Societe as the case may be, of all interest in the Manila property, but it cannot affect any rights to the trade marks in question in Hongkong.

This being so it becomes unnecessary on the construction of the assignment to deal with the evidence upon the point, except to observe that admissions by the plaintiff or by his witnesses cannot I think effect the extra-territorial position so as to give the defendant the right which he seeks to set up under the assignment to him.

I may add that the defendant relied on the sale and assignment as being an act of estate and this characterizes it as extra-territorial. An act of state is essentially an exercise of sovereign power, and its consequences are governed by laws other than those which Municipal Courts administer. *Salaman v. Secretary of State for India* (1906) 1 K. B. (613)

Now in deference to the arguments which have been addressed to me by Counsel I will deal briefly with the question of ownership prior to the assignment in question. There are two points I think to be considered in relation to the registration of the marks here. *Firstly*, that the assignment in the Hongkong Register is to "El Oriente Fabrica de Tabacos C. Ingenohl, Manila". As to this the Registrar of Trade Marks at that time 1910 (Mr. Flecher) was called and stated that it is the duty of the Registrar to be satisfied before registration that the person applying is entitled to be registered and that the description El Oriente Fabrica C. Ingenohl Manila be regarded as the name under which Ingenohl was trading. He further stated that he knew the factory and that he had registered other marks in the name "Oriente Tabaco Manufactory C. Ingenohl Mongkok in the Colony of Hongkong" and that as a fact Ingenohl was the only proprietor that he had heard of.

*Secondly*, That the marks clearly bear

Manila pictorial representations as the Manila factory had obtained a great reputation and that the word "succursale" (branch) appeared on the Hongkong labels up to last year. This the defendant relied on in support of his contention that the Hongkong business was simply a branch (succursale) in Hongkong by the plaintiff as "Gerant" or manager of the Societe in Manila.

Now Mr. Pollock adduced strong argument to show that on the documentary evidence Mr. Ingenohl was not as he represents himself to be the absolute owner of the concern but was in the position of a manager and subject to the conditions laid down in the Articles. He admitted that the assignment from the liquidators of 1905 purported to grant Ingenohl absolute ownership but contended that the document must be read with the Articles of Association and the Annual Reports with which put a very different complexion on the position.

He prefaced his argument on the construction of the Articles by the contention that the words in the Preamble "*En dehors des lois belges ce syndicat est régi par les statuts suivants*" mean that the syndicate is governed not only by Belgian law but by the Articles, and that if Belgian law does apply which he does admit it can only apply subject to the articles and the proper construction to be placed upon them.

Then Art. 1 states the objects of the Association to acquire all the property of the Society without restriction as to countries and the plaintiff in his evidence admitted that "all the property" would include trade marks. Then as to ART. 5 dealing with capital the plaintiff admitted that as manager he could not increase or reduce the capital without the consent of the Supervision Committee. Art. 6 provides that the business shall be administered by the Gerant and "be supervise and controlled by the Committee". Art. 7 The Gerant and Committee are to be appointed by the "participators" (shareholders) and Ingenohl "Merchant at Antwerp" is appointed Gerant for the full term of the Society subject to the provision of the next article.

Art. 8 gives powers to dismiss the Gerant by a majority of the meeting of the shareholders and he is obliged to transfer all the assets and liabilities to such person as the meeting shall determine. As to this plaintiff in his evidence admitted the effect of the article.

Art. 9 gives extended powers to the Gerant but "before undertaking important business" he is obliged to refer the same to the Committee.

Art. 12 saves the right of veto provided by Article 9.

Art. 13 provides a fixed salary to the Gerant.

Art. 20 requires the Gerant to draw up an annual balance sheet and report.

Art. 28 provides for the gerant remitting dividends.

Well then the Annual report and balance sheets are relied on by the defendant as demonstrating taking then in conjunction with the Articles, that (1) The Syndicate and not the plaintiff Ingenohl is the owner (2) That the Hongkong factory is a branch (succursale) of the Manila factory.

I have read with care these reports and need not go into them in detail but if they are to be construed according to English law they are, what in fact they appear to be, reports by the Manager to the Syndicate of the Hongkong business in which they were jointly interested. Such words as "our establishments in Hongkong" "our Hongkong factory" "our cigarettes" are frequent throughout the reports. Furthermore this proposition of the gerant are made "subject to approval". I think therefore that viewing the position from the standpoint of English law Mr. Pollock's . . . criticisms are well founded that although the assignment of 1905 from the liquidators purported to give the plaintiff Ingenohl absolute ownership in the marks that the other documents to which I have referred put him more in the position of manager, agent or some such capacity, and further that the Hongkong factory came within the purview of the Syn-

ciate at Manila as indicated in the reports (and in particular see plaintiff's letter to the Hongkong firm of 24th May 1910).

Well then arises the question whether the evidence relating to ownership is governed by English or Belgian Law; and firstly objection was taken to the consideration of Belgian Law as there are no averment in the pleadings in support of it. Several authorities in support of this object were cited by Mr. Pollock but I think the position is clear and it is that where a defence on the ground of foreign law is set up it must be specially pleaded. In this case however certain Articles of Association have been put in evidence by the defendant which establish the "Asociacion en participacion" governed by the laws of Belgium" and the plaintiff accordingly relies on Belgian law to construe the document. The document (unless the subsequent words "outside the laws of Belgium the Syndicate is governed by the following statutes" are to control it) is clearly made subject to Belgian law, and if this is the case it is of course necessary to construe it according to Belgian law to obtain its contents.

Evidence was called upon commission on the construction of the document according to Belgian law and the defendant cross-examined upon it, but if such evidence had not been available the Court *ex mero motu* would have acquired evidence of Belgian law bearing on the document.



Being clearly of opinion that no plea on the record as to foreign law was necessary it is unnecessary to refer to the authorities cited which in my opinion are not analogous. I may point out however that the case of *Hamlyn v. Talisker Distillery* 1804 A. C. 202 is I think analogous. It turned upon the question of whether English or Scotch law governed a contract and there were no pleas on the record bearing on the point.

Now as to the law governing the contract Dicey says (*Conflict of Law* 556) "The Interpretation of a contract and the rights and obligations under it of the parties thereto are to be determined in accordance with the proper law of the contract" and the term "proper law" means the law by which the parties intended or may fairly be presumed to have intended the contract to be governed".

Evidence was called as I have said by the plaintiff on commission bearing on Belgian law on which the defendant's counsel in Antwerp cross-examined; and I think would be difficult to arrive at any other conclusion but that the intention of the parties was assumed to be that the articles were to be construed according to Belgian law.

Then as to Belgian Law M. Paul Duchaine Avocat pres de la Courd 'Appel de Bruxelles in his evidence say to put it briefly that the Belgian law does not recognize a trustee and that the word does not exist taken in the

English sense. That the other members of the Association would not have anything but a money claim i. e. an action for damages against the Gerant. That the Gerant is personally liable to pay all the taxes on the estate. In cross-examination he stated that the Gerant is the only owner of the assets that whilst the participants may have a partnership in another participation the Gerant does not. . . . represent the participation, he is himself the owner of all the assets with regard to third parties and he alone has the right to appear in the Courts. On being cross-examined on the point of dismissal and as to whether if he is dismissed he is not bound to transfer the property to a person named by the participants he stated that it was a personal and not a real obligation for which he is liable to pay damages but nothing else. That he cannot be compelled by the Court to carry out his obligation under the Articles but only to pay damages.

M. Charles Bauss<sup>a</sup> a former president of the Antwerp Bar gave evidence on commission to the like effect. He stated that the participants in an association on participation have no claim for money and that in the event of his declining to carry out something decreed by the Articles the only remedy against him would be a claim for damages. This witness does not seem to have been subject to cross-examination on the point.

Now I have pointed out the obvious, in fact I think the only possible interpretation to be placed on the Articles by English law, and I have only to observe again that if the control and powers of the Gerant are absolute in the sense indicated by these two gentlemen of the Belgian bar that many of the Articles are quite illusory and obviously conflict with the rights and privileges of a Gerant as spoken to by the two witnesses.

No evidence was before me on the other side and if the question of ownership is governed by Belgian law the plaintiff has established his ownership in the trade marks. If on the other hand the question is governed by English law I think, having regard to the evidence as a whole bearing on registration in the Hongkong registry, that his right to bring the action is established. What may be his position in such case with the Societe inter se is beyond the scope of this action to inquire into.

I desire however to observe that on the words in the preamble "outside the laws of Belgium this Syndicate is governed by the following statutes" they are I think not devoid of ambiguity and I cannot discover that any question were put to the two expert witnesses to elucidate the meaning of the words, and both sides on the evidence on commission appear to have treated the Articles as being governed by Belgian law.

I have already pointed out that Mr. Pollock contended that the concluding words of the preamble to the Articles mean that they are governed, not only by Belgian law but by the terms of the Articles. His submission as I have stated that if they are governed by Belgian law which he does not admit the law can only apply subject to the Articles and the proper constructions to be placed upon them. As to this the answer must be either the Belgian law applies or it does not. The evidence as to the construction to be placed on the Articles by Belgian law is so wholly I think at variance with the construction which this Court would place upon them as to make it impossible to construe them in the light of the law of Belgium qualified by the law of England.

The conclusions at which I have arrived as to (1) the effect of the assignment to the defendant as to the trade marks in question (2) as to the right of the plaintiff in the trade marks make it unnecessary to deal with the subsidiary issues in the case.

I give judgment for the plaintiff on the claim and counterclaim with costs. Let the judgment be drawn up and there will be liberty to apply.

(Sgd.) W. REES DAVIES"

From a careful examination of the decision rendered by the Chief Justice of the

Supreme Court of the Hongkong Colony, it will be observed that in adjudicating the case and rendering judgment in favor of the then and now plaintiff, a minute examination was made not only of the laws applicable to the case, but also of the evidence and the facts supporting the complaint. It will likewise be noted that the principal ground of the judgment consisted in the interpretation that was given to the contract of sale executed by the Alien Property Custodian in favor of the defendant Walter E. Olsen & Co., Inc., it having been established that judging from the very terms of the deed of transfer, the aforesaid defendant had not acquired any title to, nor the right to use, the trade marks and trade names that were being used by the plaintiff in the city of Hongkong, that the rights acquired by the defendant had to do with the properties situated in the Philippine Islands and not in the Hongkong Colony, and that, lastly, the contract of sale was not to be given an extra-territorial effect.

The deed of sale alluded to in the decision just set out, as executed on January 25, 1919, is as follows:

“THIS INDENTURE dated the 25th day of January, Nineteen Hundred and Nineteen, by A. MICHELL PALMER, Alien Property Custodian, of the United States, to WALTER E. OLSEN & COMPANY, a corporation organized un-

der the laws of the Philippine Islands, witnesseth:

WHEREAS, the undersigned, A. Mitchell Palmer, has been duly appointed by the President of the United States Alien Property Custodian, under the Act of Congress approved October 6, 1917, known as the Trading with the Enemy Act, as amended; and

WHEREAS, as such Alien Property Custodian, duly qualified and acting under said act and the proclamations and executive orders issued in pursuance thereof, the undersigned A. Mitchell Palmer heretofore required to be conveyed, transferred, assigned, delivered or paid over to him the property and business hereinafter described as property then owing, or belonging to, or held for, by on account of, or on behalf, or for the benefit of the company known as Syndicate Oriente, a Company formed under the laws of Belgium with its registered office in Antwerp, Belgium, an enemy as defined in said act, not holding a license granted by the President under said Trading with the Enemy Act, which the President after investigation has determined was so owing, or so belonged, or was so held; and

WHEREAS, the undersigned Alien Property Custodian thereafter, in further pursuance of said act and proclamations and executive orders, advertised that he would sell, through his Managing Director for the Phil-

ippine Islands, to the highest bidder at public sale, subject to the terms and conditions set forth in the advertisement of sale, the said property and business on the twenty-seventh day of December, 1918, at Manila, in the Philippine Islands; and

WHEREAS, pursuant to said advertisement of sale and in compliance with all the terms and conditions therein set forth and after due and legal public notice given thereof, the undersigned Alien Property Custodian did on the twenty-seventh day of December, 1918, duly sell at public sale in Manila, Philippine Islands, the property and business hereinafter described as it existed on said date excepting therefrom, however, all cash on hand and money owing by or on deposit with banks and or trust companies belonging to said business on said date; and

WHEREAS, the bid of the undersigned Walter E. Olsen & Company for said property and business was for Two Million Three Hundred and Fifty Thousand Pesos (P2,-350,000.00) and was the highest bid of any bidder qualified to bid for and purchase said property and business at said sale; and

WHEREAS, the undersigned vendee is a corporation incorporated within and under the authority of the laws of the Philippine Islands, and is not controlled by, or operated mainly in the interest of, a person or persons

not a citizen or citizens of the United States or of its insular possessions; and

WHEREAS, the said bid of the undersigned vendee was thereafter accepted by the undersigned Alien Property Custodian; and

WHEREAS, the undersigned, as successful bidder aforesaid, thereafter duly paid to the undersigned Alien Property Custodian in cash, the full amount of Two Million Three Hundred and Fifty Thousand Pesos (P2,350,000.00), the amount of its bid and has also paid to the undersigned the additional amount of One Hundred and seventy seven thousand five hundred and seventy five Pesos and fifty three centavos (P177,575.53), the amount of the cash on hand and money owing by or on deposit with banks and /or trust companies belonging to said business on December 27, 1918; and

WHEREAS it was a term and condition of said sale that all of said property and business from the time of the closing of the bids up to the acceptance of the bid of the successful bidder therefor and the delivery thereof of the purchaser should be held, managed and operated by the Alien Property Custodian, or his representatives, but for the account and risk of the purchaser;

NOW THEREFORE the undersigned Alien Property Custodian of the United States, acting under authority of the Trading with the



Enemy Act, as amended, and the proclamations and executive orders issued in pursuance thereof, does hereby grant, bargain, sell and convey to the said Walter E. Olsen & Company, its successor and assigns, all the following described property and business:

All and singular the property, real and personal, rights, claims, titles, interests, effects and assets of every kind and description whatsoever (except only as specifically reserved and excepted hereinafter), wheresoever situate in the Philippine Islands, and all incidents and appurtenances thereto, including the business as going concern and the goodwill, trade names and trade marks thereof, of Syndicat Oriente, a company formed under the laws of Belgium with its registered office in Antwerp, Belgium, and heretofore doing business in the Philippine Islands under the name "El Oriente, Fabrica de Tabacos, C. Ingenohl"; including without restricting the generality of the foregoing description, the following:

1. Those parcels of land situated and described as follows:

(a) That parcel of land situated on Calle Castillejos, District of Quiapo, Manila, consisting of Seven thousand four hundred ninety six (7,496) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the pro-

visions of the land Registration Act, his title thereto being evidenced by Certificate Numbered 3886 in the land records of the City of Manila; which real estate is more particularly described in said certificate as follows:

“A parcel of land (Plant Psu-701) with all buildings and improvements, except those herein expressly noted as belonging to other persons, situated on the SW line of Calle Castillejos, District of Quiapo. Bounded on the NE by Calle Castillejos; on the SE by property of Julian Martinez; on the SW by Estero of San Miguel; and on the NW by property of Benito Mojica. Beginning at a point marked “1” on plan, being N. 67 deg. 48’W., 44.69 m. from the SE. intersection of Calle Alejandro Farnesio and NE. line of Calle Castillejos; thence S. 22 deg. 03’W., 34.51 m. to point “2”; thence S. 63 deg. 06’ E. 7.65 m. to point “3”; thence S. 22 deg. 55’W., 47.20 m. to point “4”; thence S. 32 deg. 24’W., 31.16 m. to point “5”; thence N. 51 deg. 53’W., 95.52 m. to point “6”; thence N. 38 deg. 23’E., 19.28 m. to point “7”; thence N. 53 deg. 22’E., 35.94 m. to point “8”; thence S. 69 deg. 40’E., 14.30 m. to point “9”; thence N. 19 deg. 18’E., 33.83 m. to point “10”; thence S. 71 deg. 19’E., 53.81 m. to the point of beginning; containing an area of SEVEN THOUSAND FOUR HUNDRED AND NINETY SIX SQUARE METERS (7,496), more or less. All points referred to are indicated on the plan

bearings true; declination 0 deg. 50'E.: date of Survey April 30, 1910."

(b) That parcel of land situated on Calle Azcarraga, District of Quiapo, Manila consisting of Nineteen thousand nine hundred forty three and 97/100 square meters (19,943.97) of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 4629 in the land records of the City of Manila; which real estate is more particularly described in said certificate as follows:

"A land situated on the NE. line of calle Azcarraga, district of Quiapo. Bounded on the N. by Solocan Canal; on the E. by property of Jose E. Paterno; on the S. by property of the heirs of Eulalio Carmelo, Fernando Zamora and calle Azcarraga; and on the W. by Bilibid Creek. Beginning at a point marked "B" on the plan, which point is N. 13 degs. 15'W, fifteen meters and five centimeters (15.05) from the N. angle of the NE. corner arch of the bridge on calle Azcarraga over Bilibid Creek; and from said point "B" N. 25 degs. 00'E eighty-six meters and ten centimeters (86.10) to point "C" N. 40 degs. 00'E. thirty-five meters and forty-five centimeters (35.45) to the point "D" N. 59 degs. 45'E. fifty-five meters (55) to point "E" N. 87 degs. 50'E twenty-six meters and

fifty-five centimeters (26.55) to point "F" S. 87 degs. 30'E eighty meters and sixty-five centimeters (80.65) to point "G" S. 25 degs. 15'W, one hundred seventy-one meters and twenty-four centimeters (171.24) to point "H" N. 65 degs. 56'W. forty-one meters and two centimeters (41.02) to point "I" N. 24 degs. 48'E seventeen centimeters (0.17) to point "J" N. 65 degs. 56'W. twenty-two meters and eighty-eight meters (22.88) to point "K" S. 22 degs. 17'W two meters and seventy centimeters (2.70) to point "L" N. 69 degs. 00'W twenty-two meters and fifty-seven centimeters (22.57) to point "N" S. 18 degs. 00'W twenty-eight meters and thirty-five centimeters (28.35) to point "N" N. 63 degs. 00'W forty-eight meters and fifty centimeters (48.50) to the point of beginning; containing an area of nineteen thousand nine hundred forty-three square meters and ninety-seven square decimeters (19,943.97). All the points mentioned are marked on the plan; bearing magnetic, and date of survey, December 6, 1906."

(c) That parcel of land situated on Calle Azcarraga, District of Quiapo, Manila, consisting of Four Thousand four hundred forty nine and 90/100 square meters (4,449.90) of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced

by Certificate numbered 5913 in the land records of the City of Manila; which real estate is more particularly described in said certificate as follows:

"A land, with the improvements and buildings thereon, situated on the SW. line of calle Azcarraga, No. 2026, district of Quiapo. Bounded on the NE. by calle Azcarraga; on the SE. by an alley and by a property of the "Compañía de Jesus"; and on the SW. and NW. by Curtidor Creek. Beginning at a point marked "1" on the plan, which point is S. 75 degs. 05'E and 166.40 meters from fire plug No. 402; and from said point "1" S. 34 degs. 37'W., 58.14 mts. to pt. "2"; thence S. 34 degs. 55'W., 5.21 mts. to pt. "3"; thence S. 60 degs. 19'W., 13.81 mts. to pt. "4"; thence S. 60 degs. 18'W., 30.41 meters to pt. "5"; thence N. 30 degs. 14'W., 15.12 mts. to pt. "6"; thence N. 28 degs. 34'W., 14.37 mts. to pt. "7"; thence N. 28 degs. 30'W., 3.61 mts. to pt. "8"; thence N. 16 degs. 35'W., 3.61 mts. to pt. "9"; thence N. 15 degs., 25'E., 3.61 mts. to pt. "10"; thence N. 36 degs. 58'E., 74.62 mts. to pt. "11"; thence S. 64 degs. 59'E., 50.56 mts. to the point of beginning; containing an area of FOUR THOUSAND FOUR HUNDRED FORTY-NINE SQUARE METERS AND NINETY SQUARE DECIMETERS (4,449.90) approximately. All the points mentioned are marked on the plan, and on the land point "1" is determined by an old stone monument

51 x 51 x 10 centimeters, and points "2", "3", "4", "5", "6", "7", and "11" by stakes of galvanized iron fixed on corners of walls; bearings true; and date of survey, December 22, 1913."

(d) That parcel of land on Calle Evangelista, District of Quiapo, Manila, mentioned in Cadastral Case No. 21 G. L. R. O. Cadastral Record 133 as Lot 5, Block 2181, containing Four Hundred ninety-nine (499) square meters, Lot 6, containing four thousand nine hundred sixty-two (4,962) square meters, and Lot 7 containing three hundred six (306) square meters, of which Carlos Francisco Adolfo Otto Ingenohl is the applicant without opposition.

(e) That parcel of land situated in the Municipality of Aparri, Province of Cagayan, Philippine Islands, consisting of four thousand six hundred three (4,603) square meters of which Carlos Francisco Adolf Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 64 of the land records of said province of Cagayan; which real estate is more particularly described in said certificate as follows:

"A parcel of land situated on the NE. line of Calle Lopez Jaena, barrio of Tal-Lungan, municipality of Aparri. Bounded on the NW. by an estero; on the NE. by prop-

erties of the heirs of Dionisio Terren and Maria Maddela; and on the SW. by Calle Lopez Jaena. Beginning at a point marked "1" on plan being S. 18 deg. 38'E., 724.13 m. from B. L. L. M. No. 1, Aparri; thence N. 34 deg. 20'W., 146.99 m. to point "2"; thence N. 47 deg. 39'E., 24.98 m. to point "3"; thence N. 41 deg. 39'E., 5.09 m. to point "4" thence N. 38 deg. 21'E., 6.77 m. to point "5"; thence N. 34 deg. 43'E., 10.18 m. to point "6"; thence N. 32 deg. 34'E., 20.55 m. to point "7"; thence S. 13 deg. 02'E., 177.50 m. to the point of beginning, containing an area of four thousand six hundred and three square meters (4,603) more or less. All points referred to are indicated on the plan and on the ground point "1" is marked by a. P. L. S. Monument, 0.20 x 0.20 x 1.00 m., point "2", by a nail in top of a post 20cm., points "3" to "6" by outer ends of crosses on top of wall and point "7" by a nail in large post situated at the corner of a wall; bearings true; declination 0 deg. 20'E; date of survey, July 16, 1912."

(f) That parcel of land situated in the Municipality of Ilagan, Province of Isabela, P. I., consisting of Twenty Thousand forty-eight (20,048) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 4 of the Province of Isabela; which real

estate is more particularly described in said certificate as follows:

"A land, with the buildings erected thereon, situated in calle Rizal, barrio of Bagumbayan, municipality of Ilagan; bounded on the NW. by property of the "La Insular" cigar factory; on the E. by calle Rizal; on the S. by property of Marina Dasigoy, Ignacio Julan and Manuel San Jose; and on the SW. by Guinatan Brook. Beginning at a point marked "B" on the plan, which point is NW. 101 mts. and 35 centimeters measured along the SW. line of calle Rizal from the intersection of said line with the N. line of calle Sta. Barbara; and from said point "B" 251 degs. two hundred forty-seven meters (247) to point "C", from this point 280 degs., forty-one meters (41) to point "D", from this point 312 degs., 15' fifty-three meters and fifty centimeters (53.50) to point "E"; from this point 88 degs., 45' fifty-one meters (51) to point "F"; from this point 72 degs. two hundred fifty three meters and fifty centimeters (253.50) to point "a"; from this point 160 degs. ninety-six meters and fifty centimeters (96.50) to the point of beginning; containing an area of twenty thousand forty-eight square meters (20,048). All the points mentioned are marked on the plan, and upon the land a part of the perimeter by a wire fence; bearings magnetic; date of survey, August 8, 1905."



(g) That parcel of land situated in the Municipality of Echague, province of Isabela, P. I., consisting of Eleven thousand nine hundred sixteen (11,916) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by certificate Number 7 in the land records of the Province of Isabela; which real estate is more particularly described in said certificate as follows:

“A land, with the buildings erected thereon, situated in the barrio of Tubtub, municipality of Echague. Bounded on the N. by properties of Apolinario Macarilay and Potenciano Acosta; on the E. by property of Rufino Monzon; on the S. by Cagayan River; and on the W. by a road. Beginning at a point marked “1” on the plan, which point is S. 59 degs. 58’W. and one hundred twenty-six meters and thirty centimeters (126.30) from the NE. corner of a *camarin* shed) situated within this parcel; and from said point “1” N. 8 degs. 55’W., twenty-five meters (25) to point “2”; from this point N. 8 degs., 58’W., forty-one meters and thirty centimeters (41.30) to point “3”; from this point N. so degs. 39’E., one hundred fifty-three meters and seventy centimeters (153.70) to point “4”; from this point S. 4 degs. 25’E., ninety-two meters and twenty centimeters (92.20) to point “5”; from this point

N. 89 degs. 28'W., one hundred forty-eight meters and fifty centimeters (148.50) to the point of beginning; containing an area of ELEVEN THOUSAND NINE HUNDRED SIXTEEN SQUARE METERS (11,916). Points "1" and "5" are found on the N. shore of Cagayan River. All the points mentioned are marked on the plan, and upon the land point "2" is determined by an *alicum* tree and points "3" to "5" by the posts of a fence; bearings true; magnetic declination being 0 degs. 54', and date of survey, April 28, 1910."

(h) That parcel of land situated in the Municipality of Naguilian, Province of Isabela, P. I., consisting of one thousand nine hundred seventy-two (1,972) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered A-73 in the land records of the Province of Isabela; which real estate is more particularly described in said certificate as follows:

"A parcel of land, with such buildings and improvements as may exist thereon, situated on the NW line of Calle Zorilla, corner of Calle Boston, municipality of Naguilian. Bounded on the NE. by property of Protacio Taguba; on the SE. by calle Zorilla on the SW by calle Boston; and on the NW by property of Juan de la Peña. Beginning

at a point marked "1" on plan, being S 59 deg. 27'W., 45.10 m. from B. L. L. M. No. 1, Naguilian; thence S. 21 deg. 53'W., 53.00 m. to point "2"; thence N. 61 deg. 24'W., 40.00 m. to point "3"; thence N. 21 deg. 37'E., 46.04 m. to point "4"; thence S. 71 deg. 23'E., 40.00 m. to the point of beginning; containing an area of one thousand nine hundred seventy two (1,972) square meters more or less. All points referred to are indicated on the plan and on the ground points "1" and "2" are marked by P. L. S. B. L. Concrete monuments, 14 x 14 x 50 cm. and points "3" and "4" by stakes; bearings true; declination 0 deg. 41 'E.; date of survey January 7 and 8, 1913."

(i) That parcel of land situated in the municipality of Caoayan, Province of Isabela, P. I., consisting of four thousand seven hundred seventy (4,770) square meters which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 22 in the land records of the Province of Isabela; which real estate is more particularly described in said certificate as follows:

"A land situated in the barrio of Turayon, municipality of Caoayan. Bounded on the NE., SW. and NW. by public lands; and on the SE. by a road leading to Turayon.

Beginning at a point marked "1" on the plan, which point is N. 9 degs. E. eight hundred seventy-nine meters and fifty-eight centimeters (879.58) from the monument of location No. 1 of the Bureau of Lands in Cacao-yan; and from said point "1" 53 degs. 19'W., sixty-nine meters and forty-five centimeters (69.45) to point "2"; from this point N. 35 degs. 03'W sixty-eight meters and seventy-four centimeters (68.74) to point "3"; from this point N. 53 degs. 15'E sixty-nine meters and thirty-three centimeters (69.33) to point "4"; from this point S. 35 degs. 10'E sixty eight meters and eighty-one centimeters (68.81) to the point of beginning; containing an area of four thousand seven hundred seventy square meters (4,770). Point "1" is determined on the land by a concrete monument of P. L. S B. L. point "2" by a post, and point "3" and "4" by stakes. All the points mentioned are marked on the plan; bearings true; magnetic declination 0 degs. 25'E, and the date of survey, February 28, 1911."

(j) That parcel of land situated in the Municipality of Cabagan Nuevo, Province of Isabela, P. I., consisting of seven thousand eight hundred forty-six (7,846) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 9 in the land records of the

Province of Isabela; which real estate is more particularly described in said certificate as follows:

"A land situated on calle Nueva, municipality of Cabagan, Nuevo. Bounded on the NE. and SE. by calle Nueva; on the SW. by Cagayan River; and on the NW. by properties of Jose Santamarina and Marcosa Pañaniban. Beginning at a point marked "1" on the plan, which point is S. 7 deg. 06'W and seven hundred eighty meters and eighty-three centimeters (780.83) from the E angle of the door of the ash-pit of a circular brick furnace; and from said point "1" N. 9 degs. 25'W., eighty-three meters and twenty-two centimeters (83.22) to point "2"; from this point S. 74 degs. 28'W., seventy-one meters and forty-eight centimeters (61.48) to point "3"; from this point S. 40 27'W sixty meters and eighty-four centimeters (70.84) to point "4"; from this point S. 58 degs. 23'E twenty-seven meters and seventy-three centimeters (27.73) to point "5"; from this point S. 75 degs. 40'E eighty-one meters and twenty-six centimeters (81.26) to point "6"; from this point N. 42 degs. 35'E twenty-two meters and fifty-seven centimeters (22.57) to point "7"; from this point of beginning; containing an area of seven thousand eight hundred forty-six square meters (7,846). Points "1" and "2" are determined by posts 20 x 65 centimeters, point "3" by a tree and points "4",

"5", "6" and "7" by stakes. All the points mentioned are marked on the plan. Bearings the true. Magnetic declination 0 degs. 25'E, and date of survey, March 17, 1911."

(k) That parcel of land situated in the Municipality of Cabagan Nuevo, Province of Isabela, P. I., consisting of two thousand six hundred thirty seven (2,637) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the registered owner in accordance with the provisions of the Land Registration Act, his title thereto being evidenced by Certificate Numbered 10 in the land records of the Province of Isabela; which real estate is more particularly described in said certificate as follows:

"A land situated in the barrio of Lattu, municipality of Cabagan Nuevo. Bounded on the NE. by properties of Ramon Pattalitan and Melchor Cauan; on the SE. by properties of Melchor Cauan; on the SW. by property of Justo Dayao; and on the NW. by a street. Beginning at a point marked "1" on the plan, which point is S. 68 degs. 19'W and one hundred ten meters and thirty-eight centimeters (110.38) from a *nanca* tree situated on the E side of the road from Aparri to Ilagan; and from said point "1" S. 70 degs. 10'W twenty-seven meters and forty-one centimeters (27.41) to point "2"; from this point S. 15 degs. 58'E eighty meters and eighty-two centimeters (80.82) to point "3";

from this point N. 75 degs. 34'E thirty-six meters and seventy-six centimeters (36.76) to point "4"; from this point "N" 22 degs. 23'W eighty-four meters and eighteen centimeters (84.18) to the point of beginning; containing an area of two thousand six hundred thirty-seven square meters (2,637). Point "1" is determined by a rock; point "3" by a tree point "2" by a rock 25 x 30 x 65 centimeters and marked P. L. S/B. L. All the points mentioned are marked on the plan; bearings true; magnetic declination 0 degs. E, and date of survey March 10, 1911."

(l) That parcel of land situated on Calles Mabini and Taft the Municipality of Ilagan, Province of Isabela, consisting of nine hundred sixty (960) square meters of which Carlos Francisco Adolfo Otto Ingenohl is the owner as shown by deed of Sale and notarial document executed by "Baer, Senior & Co.'s Successors" executed June 28, 1909.

(m) A parcel of land situated in the municipality of Echague, Province of Isabela, P. I., consisting of nine thousand ninety-three (9,093) square meters.

2. The factories and other buildings located upon the above described real estate and all furniture, fixtures, machines, tools, equipment, launches and bargers, materials, supplies, labels, brands, tobacco, cigars, raw stock, partly or wholly manufactured, therein or belonging to said business.

3. All accounts receivable or other credits and all contract rights belonging to said business, except the account owing by the Orient Tobacco Manufactory of Hongkong.

4. Any interest in the foregoing which may belong to Carlos Francisco Adolfo Otto Ingenohl.

The undersigned Alien Property Custodian expressly excepts and reserves from this sale all Liberty Bonds of the United States and the above account of the Orient Tobacco Manufactory of Hongkong owned by said business.

The undersigned vendee has received this deed and accepted the property and Business above described on the express condition that it will, and it hereby agrees to, assume and pay, satisfy, discharge and comply with any unpaid liabilities, indebtedness and obligations, any lease, contracts for the purchase or sale of materials of other products and other contracts which have been legally contracted or incurred by the said Syndicat Oriente or by or under the authority of the Alien Property Custodian, his representatives or trustee, in or in respect of the conduct of the property and business above described.

Neither the United States nor the Alien Property Custodian nor any representative or agent or agency thereof shall be held or



admitted to make any representation or guaranty, express or implied, concerning, or in any way respecting the above property or business.

This deed may be executed in several counterparts, each of which shall have the same force and effect.

IN WITNESS WHEREOF the said A. Mitchell Palmer, Alien Property Custodian, acting by Douglas M. Moffat, his duly authorized Managing Director for the Philippine Islands, has hereunto set his hand the day and year first above written, and the said Walter E. Olsen & Company, in pursuance of due corporate authorization, has caused its corporate name to be signed hereto by its President under its corporate seal attested by its Secretary.

A. MITCHELL PALMER,  
Alien Property Custodian.

By (Sgd.) DOUGLAS M. MOFFAT,  
Managing Director for the  
Philippine Islands.

WALTER E. OLSEN & COMPANY  
By (Sgd.) WALTER E. OLSEN,  
*President.*

(SEAL OR WALTER E.  
OLSEN & COMPANY)

ATTEST:

(Sgd.) J. W. MARKER  
*Secretary."*

A thorough reading of the deed of transfer executed in favor of the defendant clearly shows that what was transferred by way of sale was all the rights and effects that the Syndicat Oriente and the plaintiff, in his capacity as manager, possessed in the Philippine Islands and were known in this country as a business under the style of "El Oriente Fabrica de Tabacos, C. Ingenohl", including all the other real properties described in the same document. In the phraseology of said deed there is nothing tending to show that it was the intention of the Alien Property Custodian to sell other rights or properties situated outside of the Philippine Islands or within the Hongkong Colony. For this reason the decision and judgment rendered by the Supreme Court of the said city were in accordance with law and the facts proven. For this same reason the defense set up the defendant appears untenable and must be overruled.

The counterclaim is based entirely on the alleged ineffectiveness of the decision, as well as of the judgment, rendered by the Supreme Court of Hongkong, and it having been determined that they are valid and binding, it logically follows that the counterclaim is likewise groundless and has no merit and must be dismissed. The counterclaim alleges, as a principal ground, the supposed, not proven, fact that the defendant had ac-

quired the title and the right to use, the trade-marks and trade-names that the plaintiff used for his products manufactured in a cigar factory situated in Mongkok, City of Hongkong. It having been declared that the defendant had not acquired the right to use said trade-marks and trade-names, it is beyond doubt that the plaintiff did not make any malicious competition, nor incur any civil liability whatsoever in advertising in different parts of the territory of China the publications and notices alleged in the counterclaim.

Neither does the circumstance that the defendant in registering the trade-marks and trade-names known as "La Perla del Oriente" and "El Cometa del Oriente" in various points of the territory of China, with the exception of the Hongkong Colony, have any influence on the effect on the counterclaim. The defendant not having acquired the right to use said trade-marks and trade-names outside of the Philippine Islands, and it having been adjudged by the Supreme Court of Hongkong that the plaintiff has the exclusive right to use said trade-marks and trade-names within the city of Hongkong, said plaintiff had the right to the aforesaid use and the defendant cannot in any manner whatsoever prevent the exercise of such a right.

Judgment is entered in favor of the

plaintiff, and the defendant Walter E. Olsen & Co., Inc., is ordered to pay to him the sum claimed in the complaint of THIRTY-ONE THOUSAND NINETY-NINE PESOS AND FORTY-ONE CENTAVOS (P31,099.41), Philippine currency, with interest thereon at 6% per annum from August 16, 1922, the date of the filing of the complaint, and the costs.

The counterclaim of the defendant is dismissed. So ordered.

Manila, P. I., February 6, 1924.

(Sgd.) C. A. IMPERIAL,  
*Judge.*

On February 26, 1924, the defendant through its attorneys filed the following exception and motion for a new trial.

**(Caption and title omitted)**

**EXCEPTION AND MOTION FOR A NEW TRIAL**

COMES NOW the defendant, by its undersigned attorneys, and excepts to the judgment rendered by this court in the above entitled cause on February 6, 1924, notice of which was received by the undersigned on February 8, 1924, and at the same time moves for a new trial upon the following grounds:

1. That said judgment is contrary to the weight of the evidence adduced during the trial; and

2. That said judgment is contrary to law.

Manila, P. I., February 26, 1924.

GIBBS & McDONOUGH,  
By (Sgd.) ROMAN OZAETA,  
*Attorneys for Defendant*  
302 Roxas Bldg., Manila.

On March 3, 1924, the court issued an order denying the foregoing motion for a new trial.

On March 7, 1924, the defendant by its attorneys filed the following exception and notice of appeal:

**(Caption and title omitted)**

**EXCEPTION AND NOTICE OF APPEAL**

COMES NOW the defendant, by its undersigned attorneys, and excepts to the order of the court of March 3, 1924, notice of which was received by the undersigned on March 5, 1924, overruling defendant's motion for a new trial, and hereby gives notice of its intention to appeal against the court's decision rendered in this case on February 6, 1924, to the Supreme Court of the Philippine Islands thru the presentation of a Bill of Exceptions within the time provided by law.

Manila, P. I., March 7, 1924.

GIBBS & McDONOUGH,  
By (Sgd.) ROMAN OZAETA  
*Attorneys for Defendant*  
302 Roxas Bldg., Manila.

On March 14, 1924, and within the time limited by law, the defendant, by its attorneys, filed with the Court of First Instance of Manila its bill of exceptions, requesting that the same be approved, signed, certified and forwarded to the Supreme Court of the Philippine Islands, together with all documents, exhibits, etc. presented at the trial of this case as proofs and all testimony produced, as well as all exceptions filed.

On March 22, 1924, the Court of First Instance of Manila approved, signed, and certified the said bill of exceptions, and the same, on April 3, 1924, was transmitted to the office of the Clerk of the Supreme Court of the Philippine Islands, together with the record of the case, for the purposes of the appeal.

On April 10, 1924, the docketing fees and the deposit for printing the bill of exceptions having been paid, the case was duly registered on appeal under No. 22288 of the docket of the Supreme Court of the Philippine Islands.

On May 2, 1924, the bill of exceptions was printed and filed.

On August 1, 1924, the defendant and appellant, through its attorneys, filed its brief in the case, assigning the following errors:

1. The trial court erred in failing to find that the decision of the Supreme Court of Hongkong and the judgment which are the basis of plaintiff's complaint in this action

were rendered and entered as a result of a clear mistake of law and of fact.

2. The trial court erred in rendering judgment in favor of the plaintiff and against the defendant corporation for the amount claimed in the complaint.

3. The trial court erred in failing to find and to take into consideration that the Alien Property Custodian of the United States in selling the Manila Cigar Factory with its goodwill, trade marks and trade names, acted as the trustee of the plaintiff, and that the latter by applying for and accepting from the said alien property custodian the proceeds of such sale, ratified the same and thereby estopped himself from denying the defendant's right to the user of said trade marks and trade names on the exported output of said cigar factory.

4. The trial court erred in failing to find and take into consideration that the business of the Manila Cigar Factory was almost exclusively an export business, and that the transfer of the goodwill thereof necessarily carried with it the transfer of said export business and of the trade marks and trade names which could not be disconnected therefrom.

5. The trial court erred in finding and holding that the intention of the alien property custodian as evidenced by his Deed of Transfer to the defendant corporation of Jan-

uary 25, 1919, was to limit the conveyance to the property and rights of the Syndicate Oriente in the Philippine Islands and in concluding from such finding and holding that the defendant corporation was not entitled to recover under its counterclaim.

6. The trial court erred in denying defendant's counterclaim.

On September 13, 1924, the plaintiff and appellee, through his attorneys, filed his brief in the case.

On November 10, 1924, the case was finally submitted to the Supreme Court for decision on the merits.

On January 12, 1925, the Supreme Court of the Philippine Islands rendered its decision in the case, which said decision is in words and figures, following, to wit:

(Caption and title omitted)

STATEMENT

August 16, 1922, the plaintiff filed a complaint in the Court of First Instance against the defendant in which after formal pleas, he alleges:

III.

"That on the 5th day of May, 1922, in the Supreme Court of Hongkong, the same being a court of competent jurisdiction and having jurisdiction over both the plaintiff and the defendant in a certain action wherein the plaintiff herein was plaintiff and the



defendant here was defendant, a final judgment was rendered in favor of plaintiff and against defendant a duly certified transcript of which said judgment is hereto attached, marked Exhibit A.

IV.

"That the said judgment has not been reversed or modified and is still in full force and effect.

V.

"That on the 30th day of June, 1922, costs were duly taxed and allowed in the said Supreme Court of Hongkong in favor of plaintiff and against defendant in the sum of Twenty-six Thousand Two Hundred and and Forty-four and 23/100 Dollars (\$26,244.23), Hongkong currency, as appears by the certificate of the Registrar of the said Supreme Court of Hongkong, hereto attached and made a part hereof.

VI.

"That demand has been made by plaintiff upon defendant for the payment of the said sum of Twenty-six Thousand Two Hundred and Forty-four and 23/100 Dollars (\$26,244.23), Hongkong currency, but that defendant has failed and refused and still fails and refuses to pay plaintiff the said sum or any part thereof.

VII.

"That the equivalent of the said sum of

Twenty-six Thousand Two Hundred and Forty-four and 23/100 Dollars (\$26,244.23), Hongkong currency, on the said 30th day of June, 1922, was Thirty-one Thousand Ninety-nine Pesos and Forty-one Centavos (P21,099.41), Philippine currency."

Wherefore, he prays judgment for that amount, with legal interest, and for such other and farther relief as may seem just and equitable.

A duly certified transcript of the judgment of the Hongkong court was attached to the complaint, marked Exhibit "A."

For amended answer, the defendant denies each and every allegation of the complaint, and, as a separate special defense, alleges that the judgment in question should be considered in connection with the decision of the Supreme Court of Hongkong, a copy of which is attached to and made a part of the answer, marked Exhibit "1". That the decision and judgment of that court were rendered and entered as a result of a clear mistake of law and fact.

"3. That previous to the 25th day of January, 1919, A. Mitchell Palmer, the duly appointed, qualified and acting Alien Property Custodian of the United States, under and by virtue of the Act of Congress of the United States, approved October 6, 1917, known as the Trading with the Enemy Act

as amended, and in accordance with executive orders issued in pursuance thereof, required and caused to be conveyed, transferred, assigned, delivered and paid over to him the property and business then owing and belonging to, or held for, by, or on account of or on behalf or for the benefit of the company known as Syndicat Oriente, a joint account association (*sociedad de cuentas en participación*), of which the plaintiff was the 'gestor,' and which association formed under the laws of Belgium with its registered office in the City of Antwerp, Belgium, and an enemy as defined in said Act, not holding a license granted by the President under said Trading with the Enemy Act, and which the president of the United States, after investigation had determined was so owing, or so belonged, or was so held, and thereafter the said Alien Property Custodian in pursuance of said Act and proclamations and executive orders, advertised that he would sell through his managing director of the Philippine Islands to the highest bidder at public sale, subject to the terms and conditions set forth in the advertisement of sale, the said property and business of the Syndicat Oriente and of the said plaintiff as its gestor on the 27th day of December, 1918 at Manila in the Philippine Islands, and pursuant to said advertisement of sale, and in compliance with all the terms and conditions therein set forth, and after due and public notice given there-

of, on the 27th day of December, 1918 duly sold at public sale at Manila, Philippine Islands the said property and business, with certain exceptions immaterial to this case mentioned in the deed of conveyance herein-after referred to, in consideration of the bid therefor by the said defendant corporation of the sum of ₱2,350,000.00, Philippine Currency, which was the highest bid of any bidder qualified to bid for and purchase said property and business at said sale, and the said Alien Property Custodian of the United States having thereafter accepted said bid and recieved from the defendant corporation in cash the amount of said bid, did on the 25th day of January, 1919, under and by virtue of said Act of Congress and said proclamations and executive orders, execute in favor of the defendant corporation a deed of conveyance of said property and business of the said Syndicat Oriente and of the said plaintiff as its gestor a copy of which deed marked Exhibit '2' for identification is hereto attached and made a part of this amended answer and counterclaim.

"4. That among the property conveyed and described in said deed so executed by the Alien Property Custodian of the United States in favor of the defendant corporation was the cigar and cigarette factory situated in the City of Manila, Philippine Islands, known as 'El Oriente Fabrica de Tabacos, C. Ingenohl,'

and all incident and appurtenances thereto including the business as a going concern and the goodwill, trade names and trade-marks thereof, and of the said Syndicat Oriente.”

That at all times said C. Ingenohl mentioned therein was the gestor of the said Syndicat Oriente and plaintiff in this action.

That based upon the claim of the plaintiff for himself and as gestor and agent of the Syndicat Oriente, in the year 1921, the plaintiff collected and received from the Alien Property Custodian of the United States, the purchase price of the property mentioned and described in this answer and counterclaim and thereby ratified and confirmed the sale and conveyance of the property to the defendant to all intents and purposes, the same as if the sale had originally been made by plaintiff to the defendant.

“7. That at the time of the conveyance of said property to the defendant corporation and for many years previous and subsequent thereto, and up to the time of the wrongful acts of the plaintiff as hereinafter set forth, China, the Colony of Hongkong, the Federated Malay States, and the Straits Settlements were the principal markets for the output of the cigars manufactured in the said cigar factory, and the only trade marks and trade names under which said cigars were sold in those markets by the plaintiff previous to said conveyance, and by the defendant sub-

sequent thereto were La Perla del Oriente, El Cometa del Oriente and Imperio del Mundo; that by the sale of large quantities of the output of said cigar factory in said markets by the plaintiff previous to said conveyance, and by the defendant thereafter under said trade marks and trade names and by the appropriate registration of said trade marks and trade names in said countries, the plaintiff previous to said conveyance, and the defendant thereafter as his successor in interest appropriated, acquired and became entitled to the exclusive use of said trade marks and trade names in said markets to designate the cigar products of said factory."

That by virtue of the fact that the plaintiff took and accepted the purchase price for the sale of the property, he thereby ratified and confirmed the peaceable possession and enjoyment and use of the property, including said trade-marks and trade names, the same as if he had personally made the sale.

"9. That on or about the 28th day of May, 1919, the said trade marks and trade names known as La Perla del Oriente and El Cometa del Oriente were duly registered at Shanghai in the name of the defendant corporation for all of China with the exception of the Colony of Hongkong, which is British territory and where separate registration proceedings were and are required; that by virtue of said registration and by virtue of the

sale under said trade marks and trade names of the cigars manufactured in said factory by the plaintiff previous to said conveyance and by the defendant as his successor in interest thereafter, the latter acquired the sole and exclusive right to the use of said trade marks and trade names in all of China."

That at the time the plaintiff accepted the proceeds of the sale, he well knew that the Property Custodian intended to and did sell and convey to the defendant, and that the defendant believed that it acquired and did acquire the exclusive right to the use of said trade marks and trade names in said markets, and that the said trade marks and trade names had been duly registered at Shanghai for all of China in the name of the corporation, and that at the time he accepted such proceeds, the plaintiff well knew that the defendant ever since the purchase of the property was selling the product of said factory under said trade-marks and trade names in all of said markets. That plaintiff also knew the value of them at the time of the sale was P1,000,000.00, and that said trade-marks and trade names evidenced P1,000,000.00 of the purchase price of the property. That after obtaining the proceeds of the sale, the plaintiff wrongfully instituted the said action in the Supreme Court of the Colony of Hong-kong, resulting in the rendition of the judgment in question. That at the time it was

rendered the Hongkong court had before it and under consideration the deed of conveyance executed by the Property Custodian to the defendant and facsimiles of the trade-marks and trade names and the admission of the plaintiff that he had received the proceeds of the sale from the Property Custodian. That notwithstanding such facts, the Hongkong court decided in effect that the language "wheresoever situate in the Philippine Islands" was a limitation upon the goodwill and right to the use of said trade-marks and trade names to the Philippine Islands, whereas in truth and in fact, as the plaintiff well know at the time of said conveyance, almost the entire output of the factory in the City of Manila was exported and sold outside of the Philippine Islands, and that the intention of said conveyance was to convey the right to the use of said trade-marks and trade names outside of the Philippine Islands, and that plaintiff willfully concealed and withheld said facts from the Hongkong court, and induced it to hold in effect that the right to the use of said trade-marks was limited by the conveyance to the Philippine Islands. The trade-marks in question are then specifically described.

That the plaintiff in the Hongkong court claimed to be the proprietor of the trade-marks and trade names known as "La Perla del Oriente. "El Cometa del Oriente" and



"Imperio del Mundo," in connection with cigars manufactured by him in the factory at Mongkok, Hongkong, known as the Hongkong factory, and which at the time of the conveyance, was a mere branch of the Manila cigar factory.

That at the trial in the Hongkong court it appeared that between the years 1882 and 1905, El Oriente Fabrica de Tabacos Sociedad Anonima, hereinafter referred to as Sociedad Anonima, carried on a business as manufacturers of cigars and cigarettes in Manila, Philippine Islands, and in connection with the cigars manufactured therein, made use of the trade-marks and trade names, which are in dispute in this action. That on November 28, 1905, the Sociedad Anonima, being then in liquidation, sold all of its business interests and assets in the Philippine Islands with its goodwill and trade-marks, including those in dispute here to the plaintiff as a gestor of a joint association consisting of the plaintiff and others, which was known as the Syndicat Oriente, and carried on its business in the Philippine Islands under the style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila." That in the year 1908 the Syndicat Oriente opened the Hongkong factory, as a branch or agency, for the manufacture and sale in Hongkong of cigars which were made of the tobacco supplied by "El Oriente Fabrica de Tabacos" in the Philip-

pine Islands, and which bore the trade-marks in dispute in this action. That such trade-marks were registered in the Philippine Islands in the years 1884 and 1887 as the property of the said Sociedad Anonima, and such registration was renewed in the year 1902. That in the year 1903 they were registered on the Hongkong register of trade-marks as the property of the Sociedad Anonima. That about April, 1906, the assignment of the said trade-marks to "El Oriente Fabrica de Tabacos" was registered in the Philippine Islандas, and in February 1910, they were assigned on the Hongkong register with the knowledge and authority and by direction of the plaintiff, to the name of said Syndicat Oriente under its name and style of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila," as proprietor. That on March 13, 1917, the plaintiff renewed the registration of such trade-marks on the Hongkong register for a further period of fourteen years from the 15th of April, 1917, in the same name, to-wit: "El Oriente Fabrica de Tabacos, C. Ingenohl Manila," as proprietor. That such trade-marks and trade names were inseparably connected and identified with the cigars manufactured in the Manila factory, and that the Hongkong factory had no right to the use of them, except as a branch of the Manila factory, and that the use of them by the Hongkong factory after conveyance to the defendant constitutes a false representation

and fraud upon the public purchasing such cigars, and upon this defendant in particular. That under the laws of Great Britain, United States and the Philippine Islands, trade-marks and trade names, such as those in dispute, belong to and follow the product of the factory with which they are identified, and the use of them upon the products of any other factory constitutes a fraud upon the public. That under such laws the acceptance by the former owner of the proceeds of the sale amounts to a ratification of the sale to all intents and purposes, the same as if the sale had been made by the owner himself, and that as construed by the laws of Great Britain, United States and the Philippine Islands, the deed of conveyance was not reasonably susceptible to the interpretation placed upon it by the Hongkong court, to the effect that the goodwill and right to the use of the trade-marks and trade names were limited to the Philippine Islands.

That the Hongkong court ignored such facts and rendered its decision contrary to the clear language used in the conveyance.

By way of counterclaim, the defendant alleges all of such material facts, and that the action in the Hongkong court was wrongfully instituted by the plaintiff against the defendant. That after the rendition of such judgment and in violation of the terms of the sale and conveyance, the plaintiff, through his solicitors, agents and representatives, has been and is still wrongfully and unlawfully

causing to be inserted in the leading newspapers in China, the Federated Malay States, Straits Settlements and elsewhere, newspaper articles notifying the public of the rendition of the judgment in which he claims and asserts his exclusive right to the use of the trade-marks and trade names in all of said countries, and threatens to take legal proceedings against any person, firm or corporation which has in its possession for sale cigars bearing the said trade-marks and trade names, which are not manufactured by the branch factory at Hongkong, and also by giving notices to the tobacco dealers. That by reason of said notices and the threats, the cigar dealers have cancelled all pending orders and have refused to make any further purchase of cigars without guaranties, protecting them against the threatened legal proceedings of plaintiff. That the goodwill of the cigar business of the defendant and the value of such trade-marks and trade names have been totally destroyed by the plaintiff, and that he has wrongfully and unlawfully deprived the defendant of the use and enjoyment of them, to the defendant's damage in the sum of P1,000,000.00, for which it prays judgment, with costs.

Upon such issues the parties entered into the following agreed statement of facts:

**"AGREED STATEMENT OF FACTS.**

**"Without prejudice to the introduction**

of such oral and documentary evidence as either party may present at the time fixed by the Court for the trial of this case, and saving all just objections and exceptions to the admissibility of such facts, or any of them, as evidence in this case, it is hereby mutually stipulated and agreed by and between the parties, their counsel and attorneys, as follows:

"1. That the defendant, Walter E. Olsen & Co., Inc., is a corporation duly organized, existing, and doing business under the laws of the Philippine Islands, having its principal place of business at the City of Manila, and that the said Walter E. Olsen & Co., Inc., is the same Walter E. Olsen & Co., Inc., referred to in the judgment of the Supreme Court of Hongkong sued on herein, a duly certified copy of which said judgment is hereto attached marked Exhibit 'A', and made a part hereof;

"2. That the Supreme Court of Hongkong is a court of record of general jurisdiction, and at the time of the rendition of the judgment sued on herein (Exhibit 'A') had jurisdiction over the parties to the action in which the said judgment was rendered, and of the subject-matter of the said action;

"3. That the defendant Walter E. Olsen & Co., Inc., appeared and was represented by counsel in the Supreme Court of Hongkong in the action in which the said judgment (Ex-

hibit 'A') was rendered;

"4. That the defendant has refused to pay to the plaintiff the amount of the said judgment, to wit, the sum of Twenty-six Thousand two Hundred Forty-four and 23-100 Dollars (\$26,244.23), Hongkong currency, equivalent to Thirty-one Thousand Ninety-nine Pesos and Forty-one Centavos (P31,099. 41), Philippine currency;

"5. That Exhibit '1' attached to defendant's amended answer and counterclaim is a true copy of the decision of the Supreme Court of Hongkong, upon which the judgment referred to in the third paragraph of plaintiff's complaint was based;

"6. That Exhibit '2' attached to defendant's amended answer and counterclaim is a true copy of the Deed of Transfer executed on the 25th day of January, 1919, by A. Mitchell Palmer, the duly appointed, qualified and acting Alien Property Custodian of the United States in favor of the defendant corporation, and that the recitals contained in said Deed of Transfer were and are true, except that the Syndicat Oriente mentioned therein was formed under the laws of Belgium with its head office at Antwerp, by Articles of Agreement dated November 28, a copy of which marked Exhibit 'B' is hereto attached and made a part hereof. Under the said agreement the plaintiff was the 'Gerant' of the said Syndicat Oriente, and his rights

and liabilities as well as those of the other parties to the said agreement to outsiders and *inter se* are governed by said articles and by the laws of Belgium which are agreed to be substantially the same as the laws of the Philippines with respect to joint accounts (*cuentas en participacion*) as provided by Articles 239-243 of the Philippine Code of Commerce. It is understood however that the defendant will raise no question in this case as to the authority of the plaintiff to maintain said action before the Hongkong Court.

"7. That the Ingenohl mentioned in said Deed of Transfer as C. Ingenohl, and as Francisco Adolfo Ingenohl, is the plaintiff in this action, and was, at the time of the seizure and sale of the property mentioned in said Deed of Transfer, and from that time up to and including the time of the receipt by him from the Alien Property Custodian of the proceeds of said sale, continued to be the 'Gerant' of the Syndicat Oriente *mentioned in said Deed of Transfer*, with full power and authority to claim and receive the proceeds of said sale from the said Alien Property Custodian of the United States.

"8.—That as a result of the claim made therefor, the said plaintiff for himself and as 'Gerant' and general representative of the said Syndicat Oriente, on the 13th day of December, 1920, and 28th day of March, 1921, collected and received from the Alien

Property Custodian of the United States, the sum of \$1,511,124.50, United States currency, being the equivalent with interest of the purchase price of the property described in said Deed of Transfer and paid to said Alien Property Custodian by the defendant corporation, and the said plaintiff then and there issued to the said Alien Property Custodian of the United States two receipts, copies of which marked Exhibits 'C' and 'D' are hereto attached and made a part hereof; that neither the plaintiff nor the Syndicat Oriente has at any time either orally or in writing ratified, consented to or agreed to the action of the Alien Property Custodian in selling the property described in the said Deed of Transfer, other than as may be deduced from the action of the said plaintiff in making claim for and receiving the proceeds of the sale of said property, and the plaintiff reserves the right to contend and does contend that such action on his part did not and does not constitute a ratification of said sale.

"9.—That at the time of the conveyance of said property by the Alien Property Custodian of the United States to the defendant corporation and for many years previous and subsequent thereto, and up to the time of the rendition by said Supreme Court of Hongkong of the judgment (Exhibit 'A'), China, the Colony of Hongkong, the Federated Malay States and Straits Settlements, were among the markets in which the output of the cigars



manufactured in the cigar factory known previous to its conveyance to the defendant corporation as 'El Oriente Fabrica de Tabacos', and that among the Trade Marks and Trade Names under which such cigars were sold in those markets by the plaintiff previous to said conveyance, and by the defendant subsequent thereto were 'La Perla del Oriente', 'El Cometa del Oriente' and 'Imperio del Mundo.'

"10.—That at the time of rendering the decision and entering the judgment (Exhibit 'A'), the said Supreme Court of Hongkong had before it and under consideration said Deed of Transfer executed by the Alien Property Custodian in favor of the defendant corporation and facsimiles of the Trade Marks and Trade Names under which the output of both the Manila cigar factory and the Hongkong factory hereinafter mentioned had been sold in Hongkong and the other markets mentioned, and had also before it and under consideration the admission of the plaintiff that he had received the proceeds of said sale by the Alien Property Custodian to the defendant corporation as evidenced by said Deed of Transfer. That said action in Hongkong was instituted on the 9th day of October, 1919.

"11.—That the facsimile of one of the Trade Marks or labels presented as evidence to said Supreme Court of Hongkong depicted among other things the head and shoulders of

a Filipina woman in a yellow *camisa*. The picture is surrounded with green leaves and pink flowers. Above is a scroll with the words 'La Perla del Oriente' printed on it and underneath is another scroll with the words 'El Oriente Fabrica de Tabacos, Sociedad Anonima Manila'. That a facsimile of said trade mark or label marked Exhibit 'E' is hereto attached and made a part hereof.

"12.—That subsequent to the transfer of said trade-marks and trade-names by the said Sociedad Anonima to the said plaintiff Ingenohl as hereinafter set forth, the words on the scroll at the foot of said label mentioned in the preceding paragraph were changed to 'El Oriente Fabrica de Tabacos, Manila', as shown by the facsimile hereto attached, marked Exhibit 'F' and made a part hereof.

"13.—That the facsimile of another Trade Mark or label likewise presented as evidence to the said Supreme Court of Hong-kong in *part depicted a Filipina woman* dressed in a red skirt and loose yellow *camisa*, holding in the left hand by its cover an open cigar box full of cigars, her right hand resting on a Spanish coat of arms. Above are printed the words 'La Perla del Oriente'. The Spanish coat of arms is the Royal Coat of Arms of Spain. Underneath the said arms are the obverse and reverse of three Medals. On one of the Medals it is stated on the reverse to have been awarded to 'El Oriente Fabrica de Ta-

bacos, Manila'. The buildings in the back ground are the Towers of the Dominican Church (Walled City), Manila and the high column is the Magallanes Monument, Manila. That a facsimile of said trade mark or label marked Exhibit 'G' is hereto attached and made a part hereof.

"14.—Another fascimile of a Trade Mark and Trade Name also presented as evidence to the said Supreme Court of Hongkong depicts the old Bridge of Spain across the Pasig River at Manila, showing in the back ground the Old Stone Wall of the Walled City, Manila and the Dominican Church, Magallanes Monument, Intendencia building and the Church Towers of the Walled City of Manila and above several Stars and a Comet, on the Tail of which appear the words 'El Cometa del Oriente,' That a copy of said trade mark or label marked Exhibit 'H' is hereto attached and made a part hereof.

"15.—That it further appeared upon the trial of said action in the said Supreme Court of Hongkong, and it is stipulated to be true, that between the years 1882 and 1905, El Oriente Fabrica de Tabacos Sociedad Anonima (hereinafter referred to as the Sociedad Anonima) carried on business as manufacturers of cigars and cigarettes at Manila Philippine Islands, and made use in connection with the sale of its output throughout the Far East of the Trade Marks which are in

dispute in this action. That the head office of the said Sociedad Anonima was at Antwerp, Belgium.

“16.—That on or about the 21st day of April, 1906, the said Sociedad Anonima, being then in liquidation, transferred all of its business interests and assets together with the goodwill thereof and Trade Marks and trade names of said Sociedad Anonima wherever in use (including the Trade Marks and trade names in dispute in this action), to the plaintiff. That said transfer was effected by means of an instrument in writing, a copy of which is hereto attached marked Exhibit ‘J’. That plaintiff as Gerant of said Syndicat Oriente which had been organized in the meantime for that purpose, carried on business in the Philippine Islands and throughout the Far East under the style of ‘El Oriente Fabrica de Tabacos, C. Ingenohl Manila’ (hereinafter referred to as El Oriente Fabrica de Tabacos).

“17.—That in the year 1908 the plaintiff as Gerant of said Syndicat Oriente, opened the said Hongkong factory for the manufacture and sale of cigars which were composed, in part, of tobacco supplied by El Oriente Fabrica de Tabacos in the Philippine Islands, and, in part, of tobacco wrapper imported from Java. That subsequent to the establishment of the said Hongkong factory its output was sold throughout the Far East (except in the

Philippine Islands) concurrently with the output of the Manila factory under the trade marks and trade names in question, except that on one of the outside labels of each box or package containing the output of the said Hongkong factory there appeared the words 'El Oriente Fabrica de Tabacos Hongkong, Sucursal de la Fabrica en Manila.' That a facsimile of one of said covering labels marked Exhibit 'I' is hereto attached and made a part hereof.

"18.—That the only factory belonging to the said Sociedad Anonima of Antwerp was the Manila factory, and the only factory belonging to the plaintiff personally or as Gerant of the Syndicat Oriente was the said Manila Factory up until the time of the establishment of the said Hongkong Factory, and thereafter the only factories owned by the plaintiff or the said Syndicate Oriente were the said Manila and Hongkong factories.

"19.—That the said Trade Marks which are in dispute in this action were registered in the Philippine Islands in the years 1884-1887 as the property of the said Sociedad Anonima and registration thereof in the Philippine Islands of said property was renewed in the year 1902.

"20.—That the said Trade Marks were subsequently in the year 1903 registered on the Hongkong Register of Trade Marks as the property of the said Sociedad Anonima.

“21.—That on or about April, 1906, the assignment of the said Trade Marks to *El Oriente Fabrica de Tabacos* was registered in the Philippine Islands and in February, 1910, said Trade Marks were assigned on the Hongkong Register with the knowledge and authority and by direction of the plaintiff to the name of the said Syndicat under its said style of ‘*El Oriente Fabrica de Tabacos, C. Ingenohl Manila*’ as the Proprietor of the said Trade Marks.

“22.—That for many years prior to the sale by the Alien Property Custodian of the said trade-marks and trade-names, the same were registered in various countries as follows:

“In France, Australia, New Zealand, Shanghai and Hongkong in the name of ‘*El Oriente Fabrica de Tabacos, C. Ingenohl Manila*’, seven registrations in Belgium, six of which are in the name of ‘*El Oriente Fabrica de Tabacos, Antwerp*’ represented by its manager C. Ingenohl. The seventh registration is of ‘*Imperio del Mundo, C. Ingenohl, Manila*.’

“In the English registrations the name is ‘*Carl Ingenohl, Managing Director of and on behalf of El Oriente Fabrica de Tabacos, Sociedad Anonima, Antwerp, Belgium, and Manila, Philippine Islands*.’

“There is but one American registration and that is of ‘*El Cometa del Oriente*’ ‘*Carl*

Ingenohl', giving his address at Antwerp and also conducting business under the trade name of 'El Oriente Fabrica de Tabacos at 124 San Pedro Street, Manila, Philippine Islands.'

"The registration for Java and Sumatra reads 'El Oriente Fabrica de Tabacos, C. Ingenohl.'

"The German registration is 'El Oriente Fabrica de Tabacos, Sociedad Anonima, Emil Schoett', and one subsequent registration with the name of C. Ingenohl substituted for Schoett, but counsel for the defendant objects to the consideration of such registration as wholly immaterial and for the further reason that the defendant as purchaser of the factory and business known as 'El Oriente Fabrica de Tabacos, C. Ingenohl Manila', succeeded to all of the latter's rights under said registration.

"23.—That the said plaintiff on the 13th day of March, 1917, renewed the registration of the said Trade Marks on the Hongkong Register for a further period of fourteen years from the 15th of April, 1917, in the name of 'El Oriente Fabrica de Tabacos, C. Ingenohl Manila,' Proprietor.

"24.—That from the time of the establishment of said factory in Manila by the plaintiff, until the present time, approximately 95% of the output thereof has been exported.

"25.—That on or about the 28th day of May, 1919, the said Trade Marks and Trade

Names known as La Perla Del Oriente and El Cometa del Oriente were registered at Shanghai in the name of the defendant corporation for all of China, with the exception of the Colony of Hongkong which is British Territory and where separate registration proceedings were and are required. The plaintiff had no knowledge of the registration of the said Trade Marks at Shanghai until requested by the defendant to enter into this stipulation of facts, and the plaintiff does not concede the validity of the said registration nor waive his right to take any action with respect thereto which he may deem suitable or proper.

“The said Trade marks and Trade Names have been registered in the name of said Syndicat Oriente under its said style of ‘El Oriente Fabrica de Tabacos, C. Ingenohl Manila’ at the Shanghai Custom House since January, 1907.

“26.—That the registrations referred to in the last preceding paragraph by both the plaintiff and defendant were made in the same manner.

“27.—That the plaintiff at the time of the acceptance from the Alien Property Custodian of the proceeds of the sale of said property knew that the defendant corporation had been, ever since the purchase of said property, selling the product of said factory under said Trade Marks and Trade Names in



all of said markets hereinbefore mentioned.

“28.—That proceeds obtained by the Alien Property Custodian from the sale made by him as aforesaid were received by the plaintiff after the commencement of the action resulting in the judgment sued on herein, but prior to the rendition of the said judgment.

“29.—That the jurisdiction of the said Supreme Court of Hongkong was and is limited to the Colony of Hongkong.

“30.—That ever since the rendition of said judgment by the said Supreme Court of Hongkong, the plaintiff through its Solicitors, agents and representatives has been and still is causing to be inserted in the leading newspapers of China, the Federated Malay States, and the Straits Settlements articles notifying the public of the rendition of said judgment, asserting the plaintiff's exclusive right to the use of said Trade Marks and Trade Names in said countries, and threatening to take legal proceedings against any person, firm or corporation having in their possession for sale, cigars bearing the said Trade Marks and Trade Names which are not manufactured by the plaintiff in said Hongkong factory, and also causing notices of the same character to be given to the dealers in said countries in the cigars manufactured by defendant in said factory at Manila and sold in said countries under said Trade Marks and Trade Names.

“31.—That all of the articles published in newspapers of the various countries mentioned and the notices given to the dealers in defendant's cigars were in substantially the same form; that Exhibit ‘3’ of defendant's amended answer is a copy of a notice which the plaintiff caused to be published in the Singapore Free Press on July 11, 1922, and that Exhibit ‘4’ of the same answer is a true copy of a notice which the plaintiff caused to be published in the North China Daily News at Shanghai on July 3, 1922, and Exhibit ‘5’ of the same answer is a true copy of a personal notice which the plaintiff caused to be given to one of the dealers in defendant's cigars dated August 22, 1922.

“The foregoing admissions of fact are made on the part of plaintiff with the following reservations:

“1. That the plaintiff objects to the admission in evidence and consideration by the Court of the facts set forth in paragraphs 6 to 31 inclusive, on the following grounds:

“(a) That this Honorable Court has no jurisdiction to revise or review the judgment (Exhibit ‘A’) of the Supreme Court of Hongkong;

“(b) That no evidence should be received in support of the defendant's answer and counterclaim, for the reason that the same do not state facts sufficient to constitute a counterclaim or defense;

“(c) That the facts set forth in the said paragraphs 6 to 31, inclusive, are incompetent, irrelevant, and immaterial as evidence in this case.

“2.—That the admissions of facts set forth in the said paragraphs 6 to 31, inclusive, are made for the purposes of this case only, and are not to be used against the plaintiff or defendant for any other purpose or on any other occasion.”

Based thereon and the other evidence in the case, the lower court rendered judgment for the plaintiff for the full amount of his claim, with interest at the rate of 6% per annum from August 16, 1922, and costs, from which the defendant appeals, making the following assignments of error:

“1. The trial court erred in failing to find that the decision of the Supreme Court of Hongkong and the judgment which are the basis of plaintiff's complaint in this action were rendered and entered as a result of a clear mistake of law and of fact.

“2. The trial court erred in rendering judgment in favor of the plaintiff and against the defendant corporation for the amount claimed in the complaint.

“3. The trial court erred in failing to find and to take into consideration that the Alien Property Custodian of the United States in selling the Manila Cigar Factory with its goodwill, trade marks and trade

names, acted as the trustee of the plaintiff, and that the latter by applying for and accepting from the said alien property custodian the proceeds of such sale, ratified the same and thereby estopped himself from denying the defendant's right to the user of said trade marks and trade names on the exported output of said cigar factory.

"4. The trial court erred in failing to find and take into consideration that the business of the Manila Cigar Factory was almost exclusively an export business, and that the transfer of the goodwill thereof necessarily carried with it the transfer of said export business and of the trade marks and trade names which could not be disconnected therefrom.

"5. The trial court erred in finding and holding that the intention of the alien property custodian as evidenced by his Deed of Transfer to the defendant corporation of January 25, 1919, was to limit the conveyance to the property and rights of the Syndicate Oriente in the Philippine Islands and in concluding from such finding and holding that the defendant corporation was not entitled to recover under its counterclaim.

(JOHNS, J.:

"6. The trial court erred in denying defendant's counterclaim."

The important questions on this appeal are, first, the construction which should be placed upon the conveyance of the United

States Alien Property Custodian to the defendant; second, the legal force and effect of the judgment which was rendered by the Hongkong court; and, third, whether or not the defendant has sustained any damages for which it can recover in this action.

The conveyance in question was made on the 25th of January, 1919, and, among other things, recites:

“Alien Property Custodian of the United States, acting under authority of the Trading with the Enemy Act, as amended, and the proclamations and executive orders issued in pursuance thereof, does hereby grant, bargain, sell and convey to the said Walter E. Olsen & Company, its successors and assigns, all the following described property and business:

“All and singular the property, real and personal, rights, claims, titles, interests, effects and assets of every kind and description whatsoever (except only as specifically reserved and excepted hereinafter), wheresoever situate in the Philippine Islands, and all incidents and appurtenances thereto, including the business as going concern and the good-will, trade name and trade-marks thereof, of Syndicat Oriente, a company formed under the law of Belgium with its registered office in Antwerp, Belgium, and heretofore doing business in the Philippine Islands under the name ‘El Oriente, Fabrica de Tabacos, C. Ingenohl’; etc.”

Then follows a long description of certain lands in the Philippine Islands, after which, the conveyance then recites:

“2. The factories and other buildings located upon the above described real estate and all furniture, fixtures, machines, tools, equipment, lanches and barges, materials, supplie, labels, brands, tobacco, cigars, raw stook, stock partly or wholly manufactured, therein or belonging to said business.

“3. All accounts receivable or other credits and all contract rights belonging to said business, except the account owing by the Orient Tobacco Manufactory of Hongkong.

“4. Any interest in the foregoing which may belong to Carlos Francisco Adolfo Otto Ingenohl.

“The undersigned Alien Property Custodian expressly excepts and reserves from this sale all Liberty Bonds of the United States and the above account of the Orient Tobacco Manufactory of Hongkong owned by said business.”

“Neither the United States nor the Alien Property Custodian nor any representative or agent or agency thereof shall be held or admitted to make any representation or guaranty, express or implied, concerning, or in any way respecting the above property or business.”

It is contended by the plaintiff that the words “wheresoever situate in the Philippine

Islands" are words of limitation, and that the future use of the trade-marks and trade names by the defendant should be confined and limited to the Philippine Islands.

It appears that the property in question was seized and taken over by the United States under the terms and provisions of the Trading with the Enemy Act, and that it was sold and conveyed to the defendant under such provisions at the agreed purchase price of ₱2,350,000.00, and that the Syndicat Oriente was a company organized under the laws of Belgium with its registered office in Antwerp, and that it was an enemy of the United States, as defined in said act, not holding a license granted by the President under said Trading with the Enemy Act, which the President after investigation has determined was so owing, or so belonged, or was so held."

At the sale the defendant was the highest and best bidder and paid the amount of its bid, in consideration of which the deed in question was executed.

For the purpose of this opinion, we must assume that as a war measure, the Government of the United States had a legal right to seize and sell the property, and that the conveyance which it made was valid. That fact is not and cannot be questioned. It follows that the property sold was owned and held by an alien enemy.

The primary purpose of the proceeding

was to seize, sell and convey any and all of the property owned and held by the company or Ingenohl within the jurisdiction of the United States, as a war measure, upon the ground that they were alien enemies of the United States. While ostensibly the corporation in question was organized under the laws of Belgium, yet in truth and in fact it was a one-man corporation in which Ingenohl, who was a citizen of Germany, owned nearly all of the stock, and to all intents and purposes was the corporation itself. The conveyance to the defendant must be construed in the light of the existing and surrounding circumstances, and the purpose and intent for which it was made.

Although there are no covenants or warranties in the conveyance, the primary purpose of the whole proceedings on which it was founded was to wipe Ingenohl and his company out of existence and put them out of business in so far as the United States had the power to do so. For such reasons, it should be the policy of the law to sustain rather than defeat the primary purpose of the proceedings. In other words, the conveyance should be construed so as to give full force and effect to the nature and purpose of the proceedings upon which it is founded. It was not the purpose of the United States to seize and take hold of a portion of plaintiff's property or that of his company within



its jurisdiction. It was the purpose of the United States to seize all of their property, real, personal or mixed within its jurisdiction. The conveyance in question must be construed as intended to convey to the defendant all property which either Ingenohl or his company had within the jurisdiction of the United States. Any other construction would be strained and unnatural and defeat the very purpose for which the proceedings were initiated.

The remaining question then is, what property did the plaintiff or his company have within the jurisdiction of the United States, and what property did the United States seize and convey to the defendant.

The deed to the defendant recites that it conveyed all and singular property of every kind, nature and description wheresoever situate in the Philippine Islands, and all incidents and appurtenances thereto, including the business as a going concern and the goodwill, trade-marks and trade names of the company doing business in the Philippine Islands under the name of "El Oriente Fabrica de Tabacos, C. Ingenohl."

It is vigorously contended that the words "trade-marks and trade names," as used therein, should be confined and limited to their use in the Philippine Islands. That when the defendant bought the property, it did not purchase the right to the use of the

trade names or trade-marks of the company outside of the Philippine Islands. The meaning of such words should be construed in connection with what follows:

“All accounts receivable or other credits and all contract rights belonging to said business, except the account owing by the Orient Tobacco Manufactory of Hongkong.”

The deed further conveys an express reservation:

“The above account of the Orient Tobacco Manufactory of Hongkong owned by said business.”

It will be noted that nothing whatever is said about trade names or trade-marks in such reservations. If it was not the purpose and intent of the conveyance to sell and convey any and all of the trade names and trade-marks of the company and to the use thereof wheresoever situate, it would have been a very easy thing to have made an express reservation of them of the same tenor as the reservations, “except the account owing by the Orient Tobacco Manufactory of Hongkong” and “the above account of the Orient Tobacco Manufactory of Hongkong owned by said business.” Nothing whatever is said about trade-marks or trade names in either one of them. Yet, at the time the deed was made a number of trade-marks were registered in other and different countries outside of Hongkong, and the products of the Manila

factory were sold in these foreign countries under such registered trade names and trade-marks.

Again, it is stipulated that the trade-marks which are in dispute were registered in the Philippine Islands in the years 1884 and 1887, as the property of the Sociedad Anonima, and that such registration was renewed in the year 1902. That in the year 1903 said trade-marks were also registered on the Hongkong register of trade-marks as the property of the said Sociedad Anonima. That in April, 1906, the assignment of said trade-marks to El Oriente Fabrica de Tabacos was registered in the Philippine Islands, and in February, 1910, the same trade-marks were assigned on the Hongkong register with the knowledge and authority and by direction of the plaintiff in the name of said Syndicat under the style of "El Oriente Fabrica de Tabacos, C. Ingenohl, Manila" as proprietor of said trade-marks. That for many years prior to the sale of the property, the trade-marks and trade names in question were registered in France, Australia, New Zealand, Shanghai and Hongkong in the name of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila," seven registrations in Belgium, six of which are in the names of "El Oriente Fabrica de Tabacos, Antwerp," represented by its manager C. Ingenohl, the seventh registration of which is of "Imperio del Mundo, C. Ingenohl, Manila."

In the English registrations, the name is "Carl Ingenohl, Managing Director of and on behalf of El Oriente Fabrica de Tabacos, Sociedad Anonima, Antwerp, Belgium and Manila, Philippine Islands."

The registration for Java and Sumatra reads: "El Oriente Fabrica de Tabacos, C. Ingenohl."

The German registration is "El Oriente Fabrica de Tabacos, Sociedad Anonima, Emil Schoett," and a later one was the name of C. Ingenohl substituted.

That on March 13, 1917, the plaintiff renewed the registration of the trade-marks on the Hongkong register for a further period of fourteen years from the 15th of April, 1917, in the name of "El Oriente Fabrica de Tabacos, C. Ingenohl, Manila," proprietor.

It is further stipulated:

"That from the time of the establishment of said factory in Manila by the plaintiff, until the present time, approximately 95% of the output thereof has been exported."

It also appears that the Manila factory was established some time prior to 1884, and that all of the trade-marks in question are typical of some thing, person or event, and that all of them have some peculiar and distinct feature typical of the Philippine Islands. It also appears that all of said trade-marks had their origin and were in use in the factory in the Philippine Islands long before any

factory was established in Hongkong, and that the products of the Manila factory with such trade-marks on them were sold throughout the Orient, and even in Hongkong, long before the Hongkong factory was established. That all of such trade-marks were used in, connected with, and were a part of, the original business of the company in the Philippine Islands. That the trade-marks registered in Hongkong were the identical trade-marks, both in form and substance, which for a number of years had been previously in use and registered by the Manila factory in the Philippine Islands. In other words, it clearly appears that all of the trade-marks in question were created, had their origin, growth and development in the business of the Manila factory, and were identified, connected with, and a part of, its business. That any registration of such trade-marks in any foreign country was based and founded upon original trade-marks which had their origin and primary use in the Manila factory, and which for many years had been previously used and registered as such trade-marks in the Philippine Islands. It must follow that all of the trade-marks in question were connected with, belonged to, and were a part of, the business of the company as a going concern in the Philippine Islands.

Upon the question of the territorial limitation of a trade-mark, Ruling Case Law,

Volume 26, pages 839-840, says:

"12. *Territorial Limitation.*—The right of property in a trademark is not limited in its enjoyment by territorial bounds, but may be asserted and maintained wherever the common law affords remedies for wrongs, subject only to such statutory regulations as may be properly made concerning the use and enjoyment of other property. It is a general rule that a trademark granted in a foreign country to an alien friend will be protected against infringement. But the doctrine that property in a trademark is not limited in its enjoyment by territorial bounds, but may be asserted and protected wherever the law affords a remedy for wrongs, is true only in a limited sense. Into whatever markets the use of a trademark has extended, or its meaning has become known, there the manufacturer or trader whose trade is pirated by an infringing use will be entitled to protection and redress. This does not mean that the proprietor of a trademark, good in the markets where it has been employed, can monopolize markets that his trade has never reached. The mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article."

We hold that the trade-marks and trade names in question were a part of the company's business in the Philippine Islands and that the defendant acquired title to the use

and enjoyment of them by its deed of conveyance, not only in the Philippine Islands, but in all foreign countries in the same manner and to the same extent that they were used by the company and Ingenohl prior to the time that their property was seized by the United States. That the right and title to all of such trade-marks and to their use passed by the conveyance made to the defendant.

The stipulation of facts shows that from the time the Manila factory was established by the plaintiff until the present, approximately 95 % of the gross output of the factory has been exported. To now give the plaintiff the use and benefit of 95 % of the trade-marks and trade names formerly owned by himself and his company, would be a gross fraud and would defeat the very purpose for which their property was seized and sold. That would be especially true, as in this case, where the plaintiff has received and accepted the net proceeds of the sale which the United States made to the defendant.

The case of Koppel Ind. Car & Equip. Co. vs. Orenstein & Koppel etc. Co., Vol. 289 Fed. Rep. advance sheets No. 3, p. 446, decides that:

“Where the Alien Property Custodian sold the American business and goodwill of a going concern, including its trade marks and trade names, which company was the outgrowth of a German corporation which

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was organized as an American subsidiary corporation, and which was sold under section 12 of the Trading with the Enemy Act, as enemy owned property, to a new corporation.

“HELD that the new corporation was entitled to injunctive relief restraining the German corporation or its agents from endeavoring to recapture the business so sold by entering the field after the war, using the same or similar trade names and representing themselves to be the successors to the first American concern.

“HELD, further, that under section 12 of the Trading with the Enemy Act there vested in the Alien Property Custodian all the powers of a common-law trustee in respect of all property, and a conveyance by him of this German owned property as a going concern, which included the good will, registered and unregistered trade marks, carried with it an *implied covenant against the former owners entering the field in interference with the trade names and good will so conveyed.*”

The legal effect of this very recent decision is to hold that in conveyances made by him, the Alien Property Custodian has all the powers of a common-Law trustee, and that a conveyance of a business as a going concern, including the goodwill and trade-marks, carries with it an implied covenant against the



former owner entering the field of the former business or interfering with the trade-marks and the goodwill conveyed.

In the instant case, the plaintiff after accepting the proceeds of the sale, has not only become an active competitor of the purchaser of the business, but is claiming and exercising the right of an absolute owner to the use and benefit of 95% of all the business evidenced by the trade-marks and trade names.

It is a matter of common knowledge that trade-marks and trade names are very often the most valuable assets of any business.

We are construing a deed of conveyance from the United States to the defendant. The primary purpose of the whole proceeding was to seize and convey all of the property of the plaintiff or his company within the jurisdiction of the United States, including trade names and trade-marks as those of an alien enemy. To now give the defendant the use and benefit of only 5% of such trade names and trade-marks, and to permit the plaintiff to have and retain the other 95% to his own use and benefit, after he has ratified and confirmed the sale, would impugn the honor and good name of the United States in the whole proceeding and defeat the very purpose for which it seized and sold the property of an alien enemy.

Under the established facts, both plaintiff and his company were alien enemies, and as a war measure all of their property within its jurisdiction was seized and held by the United States under the Trading with the Enemy Act. As stated, the primary purpose of that proceeding, because they were alien enemies, was to wipe them out of existence and put them out of business. As a condition precedent to its purchase, the defendant had to establish the fact that it was an American citizen and loyal to the United States.

The reservations made in the deed of conveyance are "except the account owing by the Orient Tobacco Manufactory of Hongkong" and "the above account of the Orient Tobacco Manufactory of Hongkong owned by said business," and they are the only reservations made.

It is very apparent that the purpose and intent of the United States was to sell and convey all other property of Ingenohl or his company within its jurisdiction.

The legal force and effect of plaintiff's contention is to claim and assert that the United States did not seize or take over the most valuable part of his assets and those of the company within its jurisdiction, and that it did not sell it to the defendant. In other words, the most valuable part of their assets was not seized or taken over by the United States. This position is not tenable. The

very fact that the above quoted reservations were made in the deed of conveyance, and that no other reservations were made, clearly implies that it was the purpose and intent of the United States to seize and take over all of the business and assets of the plaintiff and his company, except "the amount owing by the Orient Tobacco Manufactory of Hongkong" and "the above account of the Orient Tobacco Manufactory of Hongkong owned by said business." Any other construction would be strained and unnatural, and would clearly imply the neglect of official duty on the part of the United States Government. The trade-marks in question were the creature of, and had their inception in, the Manila factory, and were incidental to, connected with, and are a part of, the business of that factory, and it is very apparent from the nature of the whole proceedings and the deed itself that it was the purpose and intent of the United States to convey all of the business of "El Oriente Fabrica de Tabacos, C. Ingenohl Manila" as a going concern and that of the plaintiff, together with the right and title to the trade-marks in question and to their use and enjoyment, except only as to the reservation which are expressly made in the deed for "the account owing by the Orient Tobacco Manufactory of Hongkong" and "the above account of the Orient Tobacco Manufactory of Hongkong owned by said business."

For such reasons, the first question should be decided against the plaintiff and in favor of the defendant. As to the second question, the legal force and effect of the judgment of the Hongkong Court. It is stipulated that it is a court of general jurisdiction. That the defendant appeared, filed, answered and contested the action, and that as a result of the trial, that court rendered the following judgment: First, that the plaintiff is the proprietor of the trade-marks and trade names, the subject-matter of this action, and is entitled to the use of them in connection with his business as a cigar manufacturer. Second, that the defendant be restrained from selling or exposing for sale in boxes or packages bearing thereon the said trade-marks and trade names, and from using any labels or stamps or advertisement in imitation thereof, designed to represent that the cigars sold by the defendant are the cigars manufactured and sold by the plaintiff under the trade-marks and trade names in question. Third, that an account be taken and that based thereon, the defendant should pay to the plaintiff the amount of damages which he has sustained. Fourth, that the defendant deliver up upon oath or destroy all articles and things in its possessions or under its control which offend against this injunction, and that plaintiff recover from the defendant his costs of the action upon the claim or counter-claim of defendant, including attorney's fees,

which are hereby taxed and allowed in the sum of \$26,244.23, as appeared by the Registrar's Certificate.

It appears that under the law of the Hongkong Court, judgment for attorney's fees is allowed to the prevailing party against the defendant in this kind of a case as an incident to the action. In other words, if the judgment on the merits is sustained, it would carry with it the judgment for the \$26,244.23 as a valid and legal part of it.

The instant case is an action to procure and enforce a judgment in the Philippine Islands for a like amount founded upon the judgment and proceedings in the Hongkong court. That judgment having been rendered by a court of competent jurisdiction which had jurisdiction of the parties and the subject-matter of the action, it is vigorously contended by the appellee that he is entitled as a matter of right and of comity under the Law of Nations, to enforce it in the Philippine Islands, citing and relying upon the case of *Hilton vs. Guyot*, 159 U. S., 112; 40 Law Ed., 95, in which, among other things, the court says:

"In view of all the authorities upon the subject, and of the trend of judicial opinion in this country and in England following the lead of Kent and Story, we are satisfied that where there has been opportunity for a full and fair trial abroad before a court of com-

petent jurisdiction, conducting the trial upon regular proceedings, after due citation or voluntary appearance of the defendant, and under a system of jurisprudence likely to secure an impartial administration of justice between the citizens of its own country and those of other countries, and there is nothing to show either prejudice in the court or in the system of laws under which it was sitting, or fraud in procuring the judgment, or any other special reason why the comity of this nation should not allow it full effect, the merits of this the case should not, in an action brought in this country upon the judgment, be tried afresh as on a new trial on an appeal, upon the mere assertion of the party that the judgment was erroneous in law or in fact."

That is a leading case of the highest court in the land, and the opinion is exhaustive on the question involved, and we have read it with care.

Among other things, the syllabus says:

"1. International law, including questions concerning the rights of persons within the dominion of one nation by reason of acts done within the dominion of another, is part of our law, and should be ascertained and administered by the courts as often as such questions are duly submitted to their determination.

"2. Where there is no written law upon the subject, such as treaty or statute, ques-

tions of international law must be determined by judicial decisions, the works of jurists, and the acts and usage of civilized nations.

“3. Comity of nations is the recognition which one nation allows within its territory to the legislative, executive, or judicial acts of another nation, having due regard to international duty and convenience, and to the rights of its own citizens or others who are under the protection of its laws.

“6. A foreign judgment for money in favor of a citizen of the foreign country against a citizen of this country, rendered by a competent court having jurisdiction of the cause and of the parties, upon due allegations and proofs and opportunity to defend according to the court of a civilized jurisprudence, whose record is clear and formal, is *prima facie* evidence, at least, in a suit upon it in this country, and is conclusive on the merits, unless impeached on special ground, or shown by international law or the comity of this country not entitled to full faith and credit.”

All of which are sustained in the opinion and must be accepted by this court as the law.

It will be noted that in section 2, it is said:

“Where there is no written law upon the subject, such as treaty or statute.”

It is not claimed that there is any treaty,

but section 311 of the Code of Civil Procedure is as follows:

*"Effect of Other Foreign Judgment.—*

The effect of a judgment of any other tribunal of a foreign country, having jurisdiction to pronounce the judgment, is as follows:

"1. In case of a judgment against a specific thing, the judgment is conclusive upon the title to the thing;

"2. In case of a judgment against a person, the judgment is presumptive evidence of a right as between the parties and their successors in interest by a subsequent title; but the judgment may be repelled by evidence of a want of jurisdiction, want of notice to the party, collusion, fraud, or clear mistake of law or fact."

It is conceded that the Hongkong court had jurisdiction and that the defendant appeared in the action and contested the case on its merits. Hence, there was no collusion. Neither is it claimed that there was any fraud, but it is vigorously contended that the Hongkong judgment was a clear mistake of both law and fact.

We have read and reread with care the exhaustive opinion rendered by the Hongkong court, which had before it all of the evidence now before this court, except as to the proof of the defendant in the instant action on its counterclaim for damages. The Hongkong court was construing the deed of



conveyance made to the defendant founded upon the proceedings which the United States took as a war measure against the plaintiff and his company, as alien enemies, under its Trading with the Enemy Act. For the purposes of this opinion, all of such proceedings must be construed as legal and valid, the scope and nature of which is very apparent from the record. The plaintiff and his company were alien enemies of the United States, and it was for such reason that their property was seized and sold to the defendant for ₱2,350,000.00, which amount was paid as the purchase price.

The record shows that the original business of the company in the Philippine Islands was established as early as 1883, and that in connection with and as a part of its business the company had used and adopted the trade-marks in question and had then registered in the Philippine Islands as early as 1883. All of those trade-marks appear upon their face to be confined to and peculiar of persons or things in the Philippine Islands. On the strength of their use, adoption and registration in the Philippine Islands, in succeeding years, they were registered in many foreign countries in which a large amount of business was done by the company in cigars, cigarettes and tobacco manufactured in the Philippine Islands, all of which were evidenced by such trade-marks.

The stipulated facts show that 95% of all of its business was export, and that all of its products were designated and labeled with the trade-marks and trade names in question. That in later years a branch factory of the business was established in Hongkong. At the sale by the United States of the business, the defendant paid P2,350,000.00 in good faith, and took over the property and assets of the company, including its trade-marks and trade names and its business as a going concern, except "the account owing by the Orient Tobacco Manufactory of Hongkong" and "the above account of the Orient Tobacco Manufactory of Hongkong owned by said business." After the sale, the plaintiff took and accepted the net proceeds and put them in his pocket and is now using them in connection with the Hongkong factory not only as a competitor of the defendant, but claiming to be the absolute owner and to have the exclusive right to the use and benefit of the trade-marks and trade names in question.

With all due respect to the Hongkong court, its judgment is a clear mistake of both law and fact. Exclusive of the provisions of Section 311 of the Code of Civil Procedure, it is very doubtful whether it could be sustained upon the ground of comity or the Law of Nations.

The proceedings were initiated during the world war, and as a war measure, by the

Government of the United States, an ally of Great Britain, of whose judiciary the Hongkong Court is a branch. Under such conditions and the law of comity and of Nations, there are many and strong reasons why the Hongkong court should have upheld and sustained the preceedings of the United States in the seizure and sale of the property of an alien enemy. It overlooked the fundamental fact of the primary purpose and intent with which the seizure was made and the property sold, and that it was all done as a war measure by an ally of Great Britain. The legal force and effect of that decision is to defeat and destroy the very purpose for which the United States seized and sold the property, took and accepted defendant's money.

As between allied nations and under the law of comity, their mutual policy should be to sustain and enforce the spirit and intention with which the seizure and sale of any property of an alien enemy was made rather than to minimize, destroy or defeat them.

If the decision of the Hongkong court is the law, in legal effect the defendant paid P2,350,000.00 for the right and privilege of doing 5% of the business which was formerly done by the company, and the plaintiff and his company have received and accepted \$1,511,-124.50, the full amount of the purchase price of all of the property, and now have and own

the exclusive right to the remaining 95% of all of the business which the company owned and operated at the time of the seizure and sale. In its final analysis, that is the logical result of the Hongkong decision.

We frankly concede that the authorities cited in that opinion are good law, but they are not in point, for the simple reason that they are founded upon other and different facts. The purpose and intent of the whole transaction is apparent upon the face of the deed of conveyance, the stipulated facts and the nature of the proceedings. It was to seize and take over the property of an alien enemy as a war measure, and to hold it in the nature of a trust or as a trustee for it or him, and in the event of a sale of the property, as in this case, to hold the proceeds in trust.

Be that as it may, this court is bound by Section 311 of the Code of Civil Procedure. In so far as we are advised, the question here is one of first impression, and no other country has a like statute. That law was enacted by the Legislature of the Philippine Islands, and as to the Philippine Islands, it is the law of the land. In the absence of that statute, no matter how wrongful the judgment of the Hongkong court may be, there would be strong reasons for holding that it should be enforced by this court.

Such is the legal force of the well considered decision in *Godard v. Gray*, English

Ruling Cases, Volume 5, p. 726, where it is held:

"It is no bar to an action, on a judgment *in personam* of a foreign Court having jurisdiction over the parties and cause, that the foreign tribunal has put a construction erroneous, according to English law, on an English contract."

And in the case of *Schibsby v. Westenholtz*, in the same volume, p. 734, it is further held:

"A judgment of a foreign Court, obtained in default of appearance against a defendant, cannot be enforced in an English Court, where the defendant, at the time the suit commenced, was not a subject of nor resident in the country in which the judgment was obtained: for there existed nothing imposing on the defendant any duty to obey the judgment."

The distinction is very clear. But in the instant case, the defendant not only appeared in the Hongkong court, but there contested the case on its merits.

But here we have a statute which clearly defines the specific conditions upon which a foreign judgment can be enforced in the Philippine Islands, and we have a decision of the United States Supreme Court which holds that "where there is no written law upon the subject, such as treaty or statute, questions of international law must be determined by

judicial decisions, the works of jurists, and the acts and usages of civilized nations." The converse of that proposition is also true that where you do have a treaty or statute, to enforce a foreign judgment, it must come under and within the specific provisions of the treaty or statute.

The judgment which is here sought to be enforced is clearly a mistake of both law and fact, and was rendered in direct conflict with that comity between nations, which should exist among those which were allies in the world war.

Upon the second question, we do not hesitate to say that the judgment rendered in the Hongkong court was a clear mistake of both law and fact, and that it ought not to be enforced in the Philippine Islands.

Upon the third question, as to the damages claimed by the defendant, it is alleged that after obtaining the proceeds from the sale, the plaintiff in violation of the conveyance to the defendant, which he had ratified, wrongfully instituted an action in the Supreme Court of the Colony of Hongkong against the defendant in which he claimed to be the sole owner of the trade-marks in question, which up to that time had been a mere branch of the Manila factory, and that he secured from that court the decision in question. That although the judgment of the Hongkong court has no extraterritorial effect, the plaintiff in viola-

tion of the terms of such sale and conveyance, ever since the rendition of said judgment, through his agents and solicitors, has been and is still wrongfully causing to be inserted in the leading newspapers of China, the Federated Malay States, the Straits Settlements and elsewhere, "articles notifying the public of the rendition of said judgment, asserting the plaintiff's exclusive right to the use of said trade marks and trade names in said countries and threatening to take legal proceedings against any person, firm or corporation having in their possession for sale cigars bearing the said trade marks or trade names, which are not manufactured by the said branch factory at Hongkong, and also causing notices of the same character to be given to the dealers in said countries in the cigars manufactured by the defendant in said cigar factory at Manila and sold in said countries under said trade marks and trade names." That by reason of the threats made and the articles published, all the dealers in the cigars of the defendant labeled with the trade-marks in question were intimidated and deterred from further dealing in defendant's cigars and that they cancelled all pending orders, have refused to make further purchases of defendant's cigars without guaranties for their protection, and that the goodwill of the business and the value of the trade-marks in question had been totally destroyed, and the defendant has been wrongfully deprived of the use and en-

joyment and the goodwill of its business to its damages in the sum of P1,000,000.00.

It is not claimed or alleged that the plaintiff in any manner injured or interfered with defendant's business prior to the rendition of the Hongkong judgment. The articles published in the newspapers are attached to and made a part of defendant's counterclaim for damages. When analyzed they are nothing more than a statement to the effect that the judgment had been rendered by the Hongkong court and the nature and extent of the judgment, and that it was the purpose and intent of the plaintiff to claim the use and benefit of it and to enforce it. After the judgment was rendered, he had a legal right to do that.

The law is well stated in Hopkins, on Trade-marks, page 374:

"It is the general rule that a notice warning the public or specific dealers or users of a suit for patent infringement is not actionable unless it appears that the notices were not given in good faith or that they were entirely without foundation in the scope of the defendant's patents. The determination of the question of bona fides in the making of such threats is obviously of great difficulty at times. The question whether the patent owner is acting in good faith in advertising his claims to the manufacturer's customers



by circulars or letters can seldom be determined from the contents of the communication alone, and like all questions of intent must generally be determined by the intrinsic facts."

In *Clip Bar Manufacturing Co. vs. Steel Protected Concrete Co.*, 209 Fed. 874, the court said:

"Notices of claims of infringement given by the owner of a patent to customers of a manufacturer of a similar article or even threat of suits, if in good faith, are within its right and not actionable as acts of unfair competition.

"FACTS: Plaintiff moves for a preliminary injunction to restrain defendant from making representation to plaintiff's customers that defendant's patent No. 727,233 declared invalid in a suit brought by defendant against the Central Improvement and Contracting Co. in the circuit court for the Eastern district of Louisiana affirmed by the circuit court of appeals in 158 Fed. 1021, is valid or being infringed by plaintiff or its customers and from threatening orally or in writing the plaintiff's customers with threats of litigation for infringement of its patent.

"It nowhere appears in the record that the notices given to the plaintiff's customers were not in good faith or that they were false or malicious, or for the purpose of destroying the business of the plaintiff. To the con-

trary, the defendant so far as appears, believing its claims to be valid, has proceeded to bring suit in this district to establish infringement. Under these circumstances it must be held for the purpose of the present motion, that the defendant is acting within his rights."

In *United Electric Co. vs. Creamary Package Manufacturing Co.*, 202 Fed. 53, the court said:

"It is within the right of the owner of a patent, notwithstanding the pendency of suits against the manufacturers of alleged infringing articles, to notify users of articles of its claims, and its intention to protect its rights by suits against users, provided such notices contain no misstatements of fact and are sent in good faith and not for the purpose of unnecessarily injuring defendant's business.

"As a second basis for the recovery of damage, the plaintiff contends that the defendant circulated among the agents, users, purchasers and prospective purchaser of the churns of the plaintiffs, located in different states, reports and statements that the combined churns and butter workers sold by plaintiff were infringements of the Desbrow patents owned and controlled by the defendant and that they threatened to bring suits against the users of the plaintiff's churn. That the owner of a patent may notify infringers of his claims and warn them that unless they desist, suits will be brought to protect

him in his legal rights, is sustained by numerous decisions.

"The only limitation on the right to issue such warning is the requirement of good faith. There is nothing in the warnings given in this case to show that the letters or notices were false, malicious, offensive, or opprobrious, or that they were used for the willful purpose of inflicting injury."

Applying the law to the facts, the plaintiff did nothing more than to advise the cigar dealers of the force and effect of the Hongkong judgment, and that defendant was therein enjoined from selling cigars bearing the trade-marks in question. That was a statement of an actual fact. It is true that the defendant may have been damaged as a result of such notices and publications. If so, it was a damage without injury, for which it has no legal redress.

After a careful consideration, it is the judgment of this court, first, that the words "wheresoever situate in the Philippine Islands" are not words of limitation in the deed of conveyance to the defendant company or the business as a going concern, the goodwill, the trade names or trade-marks of the Syndicat Oriente or the plaintiff; second, that the defendant is the exclusive owner of the business of the plaintiff and his company as a going concern, and has the absolute title and right to all of the trade-marks in question

and to their exclusive use and enjoyment not only in the Philippine Islands, but in all other countries where they are duly registered, save and except as to the reservations only of "the account owing by the Orient Tobacco Manufactory of Hongkong" and "the above account of the Orient Tobacco Manufactory of Hongkong owned by said business," which are made in its deed of conveyance; third, that the judgment of the Hongkong court is a clear mistake of both law and fact, and for such reason should not be enforced in the Philippine Islands; fourth, that the defendant is not entitled to recover any damages on its counterclaim; and, fifth, that the judgment of the lower court should be reversed, and that neither party to recover costs in the lower court or on this appeal.

Ten days after the publication of this decision final judgment will be entered, and five days thereafter the record will be remanded to the court below.

It is so ordered.

CHARLES A. JOHNS

WE CONCUR:—

IGNACIO VILLAMOR

JAMES A. OSTRAND

NORBERTO ROMUALDEZ

I concur except in the disposition made of the cross-complaint, in respect to which I am of the opin-

ion that the defendant is entitled to damages.

THOS A. STREET

NOTE: Mr. Justice Johnson took no part in the consideration of this case.

Malcolm and Avanceña, JJ., dissent in separate opinion.

MALCOM AND AVANCEÑA, JJ., dissenting:

The plaintiff was successful in the Court of First Instance of Manila in enforcing so much of a judgment rendered by the Supreme Court of Hongkong as allowed him costs, in a case in which the plaintiff herein was plaintiff and the defendant herein was defendant. On appeal, the prevailing view in the Court denies to the defendant-appellant the right to recover on its counterclaim, but sets aside the judgment of the trial court for the principal reason that the judgment of the Supreme Court of Hongkong, which is the basis of plaintiff's complaint, was entered as a result of a clear mistake of both law and fact. We agree with the disposition of the appeal as it affects the counterclaim but disagree as it affects the judgment secured by the plaintiff in the lower court.

We shall stoutly maintain in this dissent that the Supreme Court of Hongkong was right in its judgment, but that, even if that judgment be conceded to be wrong, no such

clear mistake of law or fact was committed as justifies the Supreme Court of the Philippine Islands, in effect, retrying the case and reversing the Supreme Court of Hongkong. If for no other reason than judicial courtesy and international comity, we should, as far as feasible, try to put ourselves in the position of the distinguished Judge who handed down the decision in Hongkong and should try, as we think is proper, to interpret his viewpoint. That will be our purpose. We begin with a statement of the case.

Carl Franz Adolf Otto Ingenohl, the present plaintiff, is a resident of Hongkong. In the Supreme Court of Hongkong he instituted suit to enjoin the use by Walter E. Olsen & Company, Inc., within the colony of Hongkong, of certain trade marks which the defendant claimed to have acquired by purchase from the United States Alien Property Custodian, and to secure damages. The defendant, by counterclaim, asked for an injunction and damages. A trial extending over a considerable period of time was had, evidence was produced by the parties, and learned counsel were heard. On May 5, 1922, the Supreme Court of Hongkong, having acquired jurisdiction over both the plaintiff and the defendant, rendered judgment in favor of plaintiff and against defendant.

The decision of His Honor, W. Rees Davies, after stating in a fair and comprehen-

sive manner the respective views of the parties and the facts, came to the conclusion that the case was covered by the authority of the *Chartreuse Case*, *Rey v. Lecouturier* (1908) 2 Ch. 715, (1910) A. C. 362. According to the Court "To apply the decision to this case the trade marks in question had been registered many years before in Hongkong, the cigars admittedly had for a long time acquired a reputation in the Hongkong market, and the assignment by the Custodian of the assets in the Manila firm cannot have any extraterritorial effect so as to affect the rights of the party concerned in Hongkong whoever that party may be." The Court, further, reached the conclusion that the articles of the "Syndicat Oriente" should "be construed according to Belgian Law." It was therefore adjudged that the plaintiff was the sole proprietor of the trade marks and trade names, the subject matter of the action, and was entitled to the exclusive use of the said trade marks and trade names in connection with his business as a cigar manufacturer; that the defendant and others acting under his direction and instructions, be restrained from selling cigars in boxes bearing the said trade marks and trade names; that an accounting be had, and that the plaintiff recover against the first defendant his costs of action. No appeal from the judgment of the Hongkong Supreme Court was taken by defendants.

Costs were taxed in the Supreme Court

of Hongkong in favor of the plaintiff and against the defendant in the sum of P22,-224.23, Honkong currency. It was to recover the equivalent of this sum, computed at P31,099.41, Philippine currency, that action was begun in the Court of First Instance by Ingenohl against Olsen and Company.

Walter E. Olsen & Company, Inc., is a Philippine corporation, having its principal place of business in the City of Manila, Philippine Islands. It was the defendant as above indicated in Hongkong. It again became defendant when this suit was instituted in the Philippine courts. Defendant then presented an answer and a counterclaim. It alleged that the decision of the Supreme Court of Hongkong was the result of a clear mistake of law and fact. It relied upon the sale to the defendant at public auction, by the United States Alien Property Custodian of property belonging to the plaintiff, in consideration of the sum of P2,350,000.00, including the cigar and cigarette factory, situated in the City of Manila, Philippine Islands, known as "El Oriente Fabrica de Tabacos, C. Ingenohl"; following the sale, the plaintiff for himself and as *gestor* and representative of the "Syndicat Oriente" collected the purchase price of the property from the Alien Property Custodian. Allegations were also made intended to prove damages in the amount of P1,000,000.00.

The plaintiff filed a demurrer to the



special defense and counterclaim of the defendant on the grounds that the Court had no jurisdiction of the subject matter of the action, and that the defense and counterclaim did not state facts sufficient to constitute a defense or counterclaim. The parties entered into an agreed statement of facts. Judge Imperial in his decision speaking of the Hongkong judgment remarked:

“From a careful examination of the decision rendered by the Chief Justice of the Supreme Court of the Hongkong Colony, it will be observed that in adjudicating the case and rendering judgment in favor of the then and now plaintiff, a minute examination was made not only of the laws applicable to the case, but also of the evidence and the facts supporting the complaint. It will likewise be noted that the principal ground of the judgment consisted in the interpretation that was given to the contract of sale executed by the Alien Property Custodian in favor of the defendant Walter E. Olsen & Co., Inc., it having been established that judging from the very terms of the deed of transfer, the aforesaid defendant had not acquired any title to, nor the right to use, the trade marks and trade names that were being used by the plaintiff in the city of Hongkong, that the rights acquired by the defendant had to do with the properties situated in the Philippine Islands and not in the Colony of Hongkong, and that, lastly, the contract of sale was not

to be given an extra-territorial effect.”

Then after examining the bill of sale, the trial Judge continued:

“In the phraseology of said deed there is nothing tending to show that it was the intention of the Alien Property Custodian to sell other rights or properties situated outside of the Philippine Islands or within the Hongkong Colony. For this reason the decision and judgment rendered by the Supreme Court of said city were in accordance with law and the facts proven. For this same reason the defense set up by the defendant appears untenable and must be overruled.”

By the judgment, the defendant was ordered to pay the plaintiff the sum of P31,099.41, with legal interest and costs. The counterclaim of the defendant was dismissed.

On appeal, the major issue is as framed in appellant's first assignment of error. To quote: “The trial Court erred in failing to find that the decision of the Supreme Court of Hongkong and the judgment which are the basis of plaintiff's complaint in this action were rendered and entered as a result of a clear mistake of law and of fact.” We turn first to the facts mostly stipulated and concerning which there is little dispute.

Plaintiff Ingenohl was born in Germany but is a naturalized Belgian subject. In 1882, he, in conjunction with others, founded in Antwerp, Belgium, a company under the

style of "El Oriente Fabrica de Tabaco Societe Anonyme." Ingenohl was the "administrator Directuer" of the society. This company continued until 1905 when it went into voluntary liquidation. On November 28 of that year, an "Association in participation governed by the laws of Belgium under the denomination of Syndicat Oriente" was formed. The head office of the association was to be at Antwerp, Belgium. In 1906, the "Societe Anonyme" transferred all of its business interests and assets, together with the good will and the trade marks and trade names, to Ingenohl.

The "Societe Anonyme", in 1882, opened a branch factory in Manila under the same name. It continued until 1905-1906 when, as above stated, it was taken over by Ingenohl, and called "El Oriente Fabrica de Tabacos, C. Ingenohl". In 1908 and 1909, Ingenohl, as "Gerant" of the "Syndicat Oriente" opened a cigar factory in Hongkong under the name of "The Orient Tobacco Manufactory". The output of the factory was composed in part of tobacco supplied by "El Oriente Fabrica de Tabacos" in the Philippines, and in part of tobacco wrapper imported from Java. This business was carried on in Hongkong until the present.

The trade marks which are in dispute were registered in the Philippine Islands in the years 1884-1887 as the property of the

"Societe Anonyme". Registration was renewed in the Philippines in 1902. The trade marks were likewise registered in the Hongkong Registry of Trade Marks as the property of the "Societe Anonyme." In 1906, the assignment of the trade marks to "El Oriente Fabrica de Tabacos" was registered in the Philippine Islands. In 1910, the assignment of the trade marks was registered in Hongkong under the style of "El Oriente Fabrica de Tabacos, C. Ingenohl, Manila." As to this, the Registrar of Trade Marks at Hongkong testified, during the hearing in Hongkong, that the description was regarded as the name under which Ingenohl was trading, and that Ingenohl had registered other marks in the name "Oriente Tobacco Manufactory, C. Ingenohl, Mong Kok in the Colony of Hongkong." In 1917, Ingenohl renewed registration of the trade marks in Hongkong for a period of fourteen years for "El Oriente Fabrica de Tabacos, C. Ingenohl, Manila."

The trade marks and trade names were registered in France, Australia, New Zealand, Shanghai, and Hongkong in the name of "El Oriente Fabrica de Tabacos, C. Ingenohl, Manila." Six registrations in Belgium were in the name of "El Oriente Fabrica de Tabacos, Antwerp" and the seventh registration was in the name of "Imperio del Mundo, C. Ingenohl, Manila." In England, the registrations were in the name of "Carl Ingenohl, Managing Director of and on behalf of El

Oriente Fabrica de Tabacos, Sociedad Anonima, Antwerp, Belgium, and Manila, Philippine Islands." The registration for Java and Sumatra was in the name of "El Oriente Fabrica de Tabacos, C. Ingenohl." The registration for Germany was in the name of "El Oriente Fabrica de Tabacos Sociedad Anonima, Emil Schoett." The sole American registration was that of "El Cometa del Oriente", "Carl Ingenohl" giving his address as Antwerp and also as conducting business under the trade name of "El Oriente Fabrica de Tabacos at 125 San Pedro Street, Manila, Philippine Islands."

Subsequent to the establishment of the Hongkong factory, its output was sold throughout the Far East, except in the Philippine Islands, concurrently with the output of the Manila factory under the trade marks and trade names in question. Approximately ninety-five per cent of the output of the Manila factory was exported.

Such in general was the situation until the time of the Great War. Then in 1919, the United States Alien Property Custodian accomplished a sale to Walter E. Olsen and Co., Inc., "for the benefit of the company known as Syndicat Oriente, a company formed under the laws of Belgium with its registered office at Antwerp, Belgium." The sale was of "all x x x the property x x x of every kind and description whatsoever (ex-

cept only as specifically reserved and excepted hereinafter), wheresoever situate in the Philippine Islands, and all incidents and appurtenances thereto, including the business as a going concern, and the good will, trade name and trade-marks thereof of Syndicat Oriente, a company formed under the laws of Belgium, with its registered office in Antwerp, Belgium, and heretofore doing business in the Philippine Islands under the name of 'El Oriente Fabrica de Tabacos, C. Ingenohl.'” Also of “all accounts receivable or other credits and all contract rights belonging to said business, except the account owing by the Orient Tobacco Manufactory of Hongkong.” But “The undersigned Alien Property Custodian expressly excepts and reserves from this sale all Liberty Bonds of the United States and the above account of the Orient Tobacco Manufactory of Hongkong owned by said business.”

These facts and others put in issue the question of whether the Hongkong business was a separate concern, or a branch of the Antwerp business, or a branch of the Manila business. They also put in issue the question of whether the sale by the Alien Property Custodian was to have extraterritorial effect. As to the first general issue, the Hongkong Supreme Court expressed no definite opinion; as to the second general issue, the Hongkong Supreme Court held that the assignment

"cannot affect any rights to the trade marks in question in Hongkong."

We come now to the law, international and local, on which like the facts, there can be little divergence of opinion. The modern English and American doctrines are adopted for statement.

Effect is given to foreign judgments as a matter of comity and reciprocity. But aside from international courtesy, a better and more practical reason giving greater force and dignity to the records of foreign courts is that, where parties have once litigated fairly a dispute in the courts of a foreign country which gives effect to like judgments of the domestic courts, the same question ought not to be tried anew by the local courts. Parties are bound by the judgment of the foreign tribunal of competent jurisdiction, and questions of fact or law settled by the foreign tribunal should not be reexamined, unless it can be shown that the proceedings were tainted with fraud.

The source of comity as a basis of recognition of foreign judgments is identity of position and similarity of institutions. In those countries where the civil law prevails, much less of international comity has been exhibited. In the United States and Great Britain, the law as to enforcing foreign judgments is practically the same. The point last made is of some importance since the judgment sought

to be enforced comes from a court within the British Empire, and is offered for the plaintiff in a suit in courts under the jurisdiction of the United States.

A foreign judgment upon a matter within the jurisdiction of the court rendering it, and in which the court had jurisdiction of the parties, will be regarded as conclusive between the parties in the courts of the United States, where there has been a trial upon the merits in the foreign court, under a system of jurisprudence likely to secure an impartial administration of justice, and there is no showing of prejudice on the part of the court or fraud in procuring the judgment, and no special reason why the comity of this nation should not allow it full credit. Such in effect were the decisions of the United States Supreme Court in the related cases of *Hilton v. Guyot*, 1895, 159 U. S. 113, and *Ritchie v. McMullen*, 1895, 159 U. S. 235. In the first cited case, it was held that a judgment for a sum of money rendered by a court of a foreign country, having jurisdiction of the cause and of the parties, in a suit brought by one of its citizens against one of ours, is *prima facie* only, and not conclusive of the merits of the claim, in an action brought here upon the judgment, if by the law of the foreign country, as in France, judgments of our own courts are not recognized as conclusive. In the second case, it was held that a judgment



rendered by a court having jurisdiction of the cause and of the parties, upon regular proceedings and due notice or appearance, and not procured by fraud, in a foreign country, by the law of which, as in England and Canada, a judgment of one of our own courts, under like circumstances, is held conclusive of the merits, is conclusive, as between the parties, in an action brought upon it in this country, as to all matters pleaded and which might have been tried in the foreign country. See further *Warren v. Warren*, 1917, 73 Fla. 764; *Dunstan v. Higgins*, 1893, 20 L. R. A. 668.

In England, as stated, the law is like ours, or, more accurately stated, our law is like theirs, since greatly influenced in all its history by the jurisprudence of the mother country. The two English cases occupying the same relative position as *Hilton v. Guyot*, *supra*, and *Ritchie v. McMullen*, *supra*, are *Godard v. Gray*, 1870, 5 Eng. Ruling Cases, 725, and *Schibsby v. Westenholz*, 1875, 5 Eng. Ruling Cases, 724. English law treats as binding, and the English courts will enforce, the judgment of a foreign court having jurisdiction over the cause of action and over the person to be bound by the judgment. Such a foreign judgment is as conclusive upon the parties thereto as a domestic judgment.

The grounds of impeachment of a foreign judgment are want of jurisdiction, fraud,

abuse of process, want of finality, and statute of limitations. As to errors of law and fact as a ground of impeachment, in England at least, the defendant in a suit on the judgment of a foreign tribunal having jurisdiction over him and the cause, is not permitted to set up as a defense that the judgment proceeded on a mistake as to English law or had come to an erroneous conclusion as to the facts. Thus in *Godard v. Gray*, *supra*, the plaintiffs, who were Frenchmen, brought suit in France against the defendants, who were Englishmen, on a charter party made in England which contained a clause providing as a penalty for its nonperformance, the estimated amount of the freight. The French court awarded as damages the estimated amount of the freight. It was not brought to the notice of the French court that, according to the interpretation of the English law, a penal clause of this sort was idle and inoperative, and the court made a mistake as to the construction of the English contract, and, in consequence, judgment was given for an amount different from that for which it would have given if the court had been correctly informed of the English construction. The question raised was whether this was a bar to the action brought in England to enforce the judgment, and the court was of the opinion that it was not. The rule announced was that it is no bar to an action *in personam* in a foreign court having jurisdiction over the

parties and cause that the foreign tribunal has put a construction erroneous according to English law on an English contract. (See also 23 Cyc. 1610, citing *Godard v. Gray*, *supra*; *Scott v. Pilkington*, 2 Best & S. 11; *Newton v. Hunt*, 1908, 112 N. Y. S. 573).

Digressing at this point, before proceeding with a further description of the law, it is incontestable that should the Hongkong judgment be tested by the prevailing rules relative to the effect of judgments of foreign courts, it would be found to be conclusive. Putting the thought in another way, should the Hongkong judgment be weighed in the balance as the United States Supreme Court would weigh it, following its own precedents, the Hongkong judgment would undoubtedly be given full effect. For the Hongkong judgment comes from a court having jurisdiction of the subject matter and the parties. For there has been a trial upon the merits in the Hongkong court under a system of jurisprudence likely to secure an impartial administration of justice. For there is no showing of prejudice on the part of the Hongkong court or fraud in procuring the judgment. For there is no special reason why American courts should not allow that judgment full credit. And if the highest court in England was to consider a like judgment of some foreign court, as the United States, it would give the judgment effect even

though it was erroneous in a matter of law or fact, and even though the foreign court proceeded upon a mistaken application of the English law to an English contract.

It is quite within the realm of possibility, that the majority in the Court would willingly concede the correctness of the altogether too lengthy a statement of the facts and the law which has here been attempted, in order that it may serve as a fit background to our opinion. But having conceded that much, the majority would insist that the case is governed not by general principle but by specific statutory law. Concurring with the majority for the moment so as to be just as eminently fair as they are, we come to consider the local Philippine Law and its applicability to the questions which confront the Court.

Section 309 of our Code of Civil Procedure relates to the effect of a judicial record of a court in the United States. Codal section 310 relates to the effect of a judicial record of a court of admiralty for a foreign country. Codal section 311 relates to the effect of other foreign judgments. It reads: "The effect of a judgment of any other tribunal of a foreign country, having jurisdiction to pronounce the judgment, is as follows:

"1. In case of a judgment against a specific thing, the judgment is conclusive upon the title to the thing." The appellee argues with some plausibility that the case comes

within the purview of the above quoted paragraph, and that the paragraph applies to a judgment rendered in connection with a controversy over any "specific thing," *to wit*, certain trade marks. Not stopping to discuss this debatable point, we go forward to the second paragraph of section 311 relied upon by the appellant and the majority, reading as follows:

"2. In case of a judgment against a person, the judgment is presumptive evidence of a right as between the parties and their successors in interest by a subsequent title; but the judgment may be repelled by evidence of a want of jurisdiction, want of notice to the party, collusion, fraud or clear mistake of law or fact."

With the premise that the Hongkong judgment was *in personam* and under the further premise that paragraph 2 of section 311 of the Code of Civil Procedure covers the question at issue, let us analyze the contents of said paragraph. Admittedly, the judgment of the Hongkong court is presumptive evidence of a right. That judgment is not sought to be repelled by evidence of a want of jurisdiction. Nor repelled by evidence of a want of notice to the parties. Nor repelled by evidence of collusion. Nor repelled by evidence of fraud. On the contrary, all this is admitted. It is simply vigorously asserted that there was a "clear mistake of law or fact"

in the foreign judgment sued on, and that therefore the Philippine courts should refuse to enforce the foreign judgment.

Section 311 of the Philippine Code of Civil Procedure was derived from section 1915 of the California Code of Civil Procedure which, in turn, was derived from the California Act of March 11, 1872. A careful search has failed to disclose any other similar statutory provision in the United States or any interpretative decisions arising in the California courts or elsewhere. The California provision may, however, have been inspired by the commentaries of Mr. Justice Story and Chancellor Kent. If so, the word "mistake" was used "in the stricter sense of misapprehension or oversight," and is equivalent to what in *Burnham v. Webster* x x x Mr. Justice Woodbury spoke of as "some objection to the judgment's reaching the merits, and tending to prove that they had not been acted on;" "some accident or mistake," or "that the court did not decide at all on the merits." These passages taken from the decision of the United States Supreme Court in *Hilton v. Guyot*, *supra*, are copied with the suggestion that they are "hardly consistent with the statement of Chief Justice Marshall" in his decision in the case of *Elemendorf v. Taylor* (1825) 10 Wheat 152. The Court then proceeds to emphasize that the mistake must appear on the face of the record. Under the conditions named, says the Court, "the merits of the case should not,

in an action brought in this court upon the judgment, be tried afresh, as on a new trial or on appeal, upon the mere assertion of the party that the judgment was erroneous in law or in fact."

Coordinating more closely the facts and the law, both general and specific, certain pertinent observations are in order. Possibly, the most apparent thought with reference to the Hongkong judgment is that no appeal was attempted to be taken by the losing party. Instead, the defendant indirectly seeks to appeal to the Philippine courts to reopen and retry the case. In England at least, it has been irrevocably settled that the home tribunal cannot act as a court of appeal from the foreign tribunal. In *Bank of Australasia v. Nias*, (1851), 16 Q. B. 717, 734, Lord Campbell, in delivering judgment, distinctly put the decision upon the ground that the defendant might have appealed to the Judicial Committee of the Privy Council, and thus have procured a review of the colonial judgment. In *Traford v. Blanc*, 1887, 36 Ch. D., 600, it was said: "The principle on which *Bank of Australasia v. Nias* was decided appears to be that the courts of this country do not sit to hear appeals from foreign tribunals, and that if the judgment of a foreign court is erroneous, the regular mode provided by every system of jurisprudence of procuring it to be examined and reversed, ought to be followed. Neither do the courts of this country sit to rehear cases

which have been tried abroad." A trial anew to reexamine the facts and the law as to a foreign judgment when the losing party has not exhausted all his remedies abroad and when the judgment is in reality *res adjudicata*, should be avoided. This rule is of particular application where all the evidence is not before us, where the witnesses were not under observation on the stand, where the effort of the court here is not concentrated on issues of fact or law, but is given up to a critical analysis of a foreign judgment, and where all that is in view is a judgment for costs.

The next thought which comes to mind is that if the Hongkong judgment had been rendered by a Court of First Instance in the Philippine Islands, the Supreme Court of the Philippine Islands would proceed to decide the appeal guided by the well-known principle that in order to reverse the decision it must be plainly and manifestly against the weight of the evidence. Here, there is ample evidence to support the findings of Mr. Justice Davies. It would be doubtful if, sitting as a court of appeal, this judgment would be modified or reversed.

Indeed, we would go farther and would hold that the judgment of the Hongkong court is correct in fact and law. The judgment is "presumptive evidence of a right." The case was "decided on the merits." There was no "misapprehension or oversight" as to the facts



or the law. There is no "clear mistake of law or fact" appearing on the face of the record.

In the first place, the bill of sale executed by the United States Alien Property Custodian was only of property "wherever situate in the Philippine Islands" of a company "heretofore doing business in the Philippine Islands." It expressly excepted and reserved the "account owing by the Orient Tobacco Manufactory of Hongkong."

The intent of the parties to the conveyance is made clear by the language of the instrument. The limited operation of the conveyance is clearly expressed by its language. The phraseology of the deed was used advisedly, since the Alien Property Custodian had no desire to do what it would be futile to attempt—to convey property outside the Philippine Islands and the United States. There is in the instrument an entire absence of reference to trade marks in foreign countries. In a case relied upon by the majority, where a similar provision of a deed was under observation, the court emphasized that the purchaser took by conveyance "the exclusive right to carry on the business *in the United States*," and was entitled to protection against unfair competition. *Koppel Industrial Car & Equipment Co. v. Orenstein & Koppel Aktiengesellschaft, etc.*, 1923, 289 Fed. 446. See also *Bourjois & Co. v. Katzel*, 1923, 260 U. S. 689.

In the next place, it is apparent that the

"Syndicat Oriente" was a Belgian corporation, with its head office at Antwerp. As such Belgian corporation, it was permitted to transact business in the Philippine Islands as a foreign corporation. Although the Hongkong court did not find it necessary to so decide, this Belgian corporation undoubtedly had two branches, one in Hongkong, and one in the Philippine Islands, but both with connections with the home office. All that the United States Government attempted to sell was the Philippine business of the Belgian corporation. It did not care to do more for Great Britain and Belgium were allies of the United States in the Great War. Great Britain could have taken over the "Orient Tobacco Manufactory" of Hongkong if it had so desired, and the Belgian Government could have taken over the "Syndicat Oriente" in Belgium if it had so desired. With the seizure by either Great Britain or Belgium, would have passed the trademarks of the respective companies.

As to the alleged mistake of law committed by the Hongkong court, it will be recalled that the *Chartreuse* case was given application. Now, this may have been error and again it may not. Lord Macnaghten in that case reached the conclusion "that the sale by the liquidator of the property bought by the appellant company has not carried with it the English trade marks." And the United States Supreme Court in the case of *Baglin v. Cu-*

senier Co., 1911, 221 U. S. 580, likewise quoting approvingly from the *Chartreuse* case, among other things, decided: "The French law cannot be conceded to have any extra-territorial effect to detach the trade-marks in this country from the product of the Monks, which they are still manufacturing."

But why stop here. Why not go the full length of the majority decision and admit that there may have been a "mistake of law or fact" in the Hongkong judgment. Even then, the modifying word "clear" should not be forgotten. It is only a "clear" mistake which suffices to warrant our courts in interfering with a foreign judgment. The legislative precaution suggests that this right of revision should be exercised only for most cogent and conclusive reasons. A trial Judge of long experience and two members of this Court, in effect concurring with the views of the Hongkong magistrate, at least weaken the argument relative to a "clear" mistake of law or fact.

Let us now suppose that this Court had ruled in favor of appellant on its counter-claim, as indeed one member would have us do. The defendant would then be forced to have recourse to the Hongkong courts for the enforcement of any judgment it might recover against the plaintiff. The Philippine courts having failed in reciprocal regard for a judgment rendered in Hongkong, the Hong-

kong court in turn would be justified in reopening and retrying the case, with the probable result that its former views would be maintained and the Philippine judgment nullified.

For many years, the fullest reciprocity has prevailed between England and the United States with respect to allowing full and conclusive effect to the judgments of each by the other. This reciprocity should be maintained between integral parts of the British Empire and the United States in such close proximity as are the ports of Manila and Hongkong. But this reciprocity will be blotted out entirely if any jurisdiction in either the British Empire or the United States, with jealous regard for its own dignity, breaks away from the practice which reason and comity have long sanctioned.

It may well be doubted if the Government of the United States ever intended that the Philippine Commission, acting under war powers, should enact legislation at variance with the foreign policies and relations of the United States. It is questionable, if it is not beyond the power of the local legislation to provide peculiar legislation so entirely out of harmony with international comity. If forced to take the stand, we would debate long before holding that this provision in Philippine law is valid and constitutional.

It is a most serious responsibility which

this Court assumes when it ventures to set at naught the full effect of reciprocity between two great states of the world, gravely acknowledged in both, and fulfilled everywhere else in the two countries with the most scrupulous regard for the rights of the other.

The proportions of this dissent are appalling. Our excuse must be the gravity of the question at bar and the earnestness of our convictions. This opinion has been drafted separate and apart in the main from the majority decision, as the vehicle for the expression of our individual views. We hope that we have made it clear that under any and every aspect of the case, the Hongkong judgment should be given force and effect.

Our vote is for the affirmance of the judgment of the lower court.

GEO. A. MALCOLM  
RAMON AVANCEÑA

On January 22, 1925, the Clerk of the Supreme Court of the Philippine Islands entered final judgment in the case, which reads as follows:

**(Caption and title omitted)**

**JUDGMENT**

The Court having regularly acquired jurisdiction for the trial of the above-entitled cause submitted by both parties for decision, after consideration thereof by the Court upon the record, its decision and order for judgment having been filed on the 12th day of

January, A. D. nineteen hundred and twenty-five;

By virtue thereof it is hereby adjudged and decreed that the judgment of the Court of First Instance of Manila, dated the 6th day of February, nineteen hundred and twenty-four, and from which the above-entitled appeal was taken, be, and the same is hereby, reversed and neither party to recover costs in the lower court or on this appeal.

(Sgd.) V. ALBERT  
*Clerk of the Supreme Court  
of the Philippine Islands*

Certified correct:

Clerk, Supreme Court, P. I.

On the same date, January 22, 1925, the plaintiff and appellee, by his attorneys, filed a motion for reconsideration which reads as follows:

**(Caption and title omitted)**

**MOTION FOR RECONSIDERATION**

Comes now the plaintiff-appellee in the above entitled cause, by his undersigned attorneys, and respectfully moves this Honorable Court to grant a rehearing of the above entitled cause and to set aside the judgment rendered herein on the 12th day of January, 1925, for the following reasons:

The plaintiff demurred to the answer and amended answer interposed by the defendant in the Trial Court, on the ground, *inter*

*alia*, that the Court had no jurisdiction of the subject-matter of the defendant's special defense and counterclaims, for the reason that, as argued in the Trial Court, and again urged before this Court in the argument upon the defendant's appeal, it is not within the power of the Philippine Legislature to enact legislation in conflict or at variance with the foreign policies and foreign relations of the United States. In the decision rendered by this Court the majority takes no notice of this point, which, we submit, is one of the most important questions—if not the most important—raised in the case. The point is noticed in the dissenting opinion rendered by Mr. Justice Malcolm and Mr. Justice Avanceña, who say:

"It may well be doubted if the Government of the United States ever intended that the Philippine Commission, acting under war powers, should enact legislation at variance with the foreign policies and relations of the United States. It is questionable if it is not beyond the power of the local legislature to provide peculiar legislation so entirely out of harmony with international comity. If forced to take the stand, we would debate long before holding that this provision in Philippine law is valid and constitutional.

"It is a most serious responsibility which this Court assumes when it ventures to set at naught the full effect of reciprocity be-

tween two great states of the world gravely acknowledged in both, and fulfilled everywhere else in the two countries with the most scrupulous regard for the rights of the other."

Section 311 of the Philippine Code of Civil Procedure is copied from the California code. The fact is noted by the minority of the Court that the provisions of the California code are peculiar to that state. This legislation, certainly, is a radical departure from the long established foreign policy of the United States.

International law includes the entire body of obligations which one nation owes to another with respect to its own conduct or the conduct of its citizens toward other nations or their citizens. It consists, according to Wheaton, "of those rules of conduct which reason deduces as consonant with justice from the nature of the society existing among independent nations." We shall endeavor, later, to show that this rule is of peculiar applicability to the case before the Court.

It is submitted that the decisions of the English and the American courts with respect to the enforcement of the judgments of the courts of the two countries have given the rule of comity prevailing between England and the United States the force of international law. It is therefore inconceivable that Congress ever intended to permit the Philippine Commission or other local legislative body to



interfere with the foreign relations or policies of the United States in this respect or to abrogate this long-established rule of comity between the United States and Great Britain. If the Philippine Legislature could thus violate the traditional foreign policies of the United States Government with respect to the effect to be given to judgments of the English courts, it would be difficult to foresee to what consequences such legislation might lead.

We believe this point to be of such importance as to merit the careful consideration of every member of the Court; and we venture to suggest that the question be given consideration in connection with this petition, and that a definite decision on the point be given.

The majority of the Court (pages 20 and 21 of the majority opinion) say:

“While ostensibly the corporation in question was organized under the laws of Belgium, yet in truth and in fact it was a one-man corporation, in which Ingenohl, *who was a citizen of Germany*, owned nearly all of the stock, and to all intents and purposes was the corporation itself. The conveyance to the defendant must be construed in the light of the existing and surrounding circumstances, and the purpose and intent for which it was made.”

We adopt as part of our argument the language of the last sentence above quoted. The words employed by the Court in this con-

nection are of the highest importance in view of the fact that they are used in connection with the statement that the plaintiff was a citizen of Germany. It was evidently with this supposed fact in mind that the Court (page 21 of the majority opinion) said:

"Although there are no covenants or warranties in the conveyance, the primary purpose of the whole proceedings upon which it was founded was to wipe Ingenohl and his company out of existence and put them out of business, so far as the United States had the power to do so."

It is evident from the foregoing that the majority of the Court acted under the belief that the plaintiff, Ingenohl, was a German subject or citizen. Such, however, is not the fact. That Ingenohl was not a German subject, but a Belgian citizen, is shown by the amended answer. Exhibit 1 of defendant's amended answer (pages 37, et seq., Bill of Exceptions) is a copy of the decision of the Hongkong court, in which it is stated (page 38):

"The plaintiff was born in Germany, but is a naturalized Belgian subject, and about 1876 set up in Antwerp a cigar and tobacco business."

This fact was noted by the minority of the court (page 5, dissenting opinion), but in some way escaped the attention of the majority.

We think we are justified in our belief

that, had it not been for the Court's mistake as to the fact with respect to the plaintiff's citizenship, the result probably would have been different. Certainly, the Court would not have taken the position that the purpose of the action taken by the United States Alien Property Custodian under the Trading with the Enemy Act was to "wipe Ingenohl and his company out of existence and to put them out of business."

We do not believe that it was the intention of Congress, in enacting the Trading with the Enemy Act, to "wipe out of existence" even actual enemies. The purpose of the Government and the people of the United States, speaking through Congress and the executive and administrative officials of the Government, as we believe, was nothing more than to sequester the property of alien enemies for the time being and effectively to prevent the enemy obtaining aid or comfort therefrom. This purpose, we think has been sufficiently manifested by the liberality with which the United States Government has, since the termination of hostilities, returned to their owners the proceeds of sales of alien enemy property seized during the war.

We believe that every member of this Court will be ready to concede that, whatever the purpose of Congress may have been with respect to actual enemies, it could not have

intended utterly to destroy and "wipe out of existence" the citizens of friendly and allied powers who, by the fortunes of war, became "geographical enemies" by reason of being caught within the enemy's lines at the outbreak of hostilities. The plaintiff, Ingenohl, was not an actual, but merely a "geographical," enemy who, like many of his compatriots, was so unfortunate as to have been enmeshed in the German occupation of Belgium, with no means of escape. It certainly could not have been the purpose of the Government of the United States to penalize one so situated any more heavily than the emergencies of the war demanded. A citizen of the United States, Great Britain, or France would have fared no better under the circumstances.

The fact of Ingenohl's German birth is, of course, of no importance. He was no less a Belgian citizen for all that, and it is scarcely necessary to suggest that the accident of foreign birth no more affects his status as a citizen of the country of his adoption than it does that of millions of citizens of the United States.

The record shows that Ingenohl had resided and been engaged in business in Belgium for almost thirty years prior to the outbreak of the world war, so there can scarcely be any question as to the bona fides of his Belgian citizenship. But had he been a native-born Belgian, his position would have been no dif-

ferent. We think it can fairly be considered to be a matter of judicial knowledge that many citizens of the United States were subjected to the seizure of their property during the war merely by reason of having been within the enemy lines at the outbreak of hostilities. We think that the language used by the majority of the Court warrants us in the belief that, had it not been for the mistake as to the facts concerning the plaintiff's citizenship, a different result would have been reached.

The next matter that claims our attention is that, apparently, the majority of the Court holds that the plaintiff, by accepting from the Alien Property Custodian the proceeds of the sale of his property, is estopped from obtaining any of the property itself. We believe that with further examination of the record, and upon more mature consideration, the Court will modify its opinion upon this branch of the case. The following appears in the agreed statement of facts, Paragraph 8:

"That neither the plaintiff nor the Syndicat Orient has at any time, either orally or in writing, ratified, consented to, or agreed to the action of the Alien Property Custodian in selling the property described in the said deed of transfer other than as may be deduced from the action of the said plaintiff in making claim for and receiving the proceeds of the sale of said property, and the plaintiff reserves the right to contend, and does contend, that such action on his part did not and

does not constitute a ratification of said sale."

This point was quite fully argued in our brief; but we desire at this time to submit, and to urge, that an estoppel can not be founded upon the facts which appear with respect to the circumstances under which the plaintiff received the proceeds of the sale of his properties.

To raise an estoppel against a party, the act upon which the estoppel is founded must have been voluntary—a matter of free choice. The facts in connection with this part of the case are admitted, and are that the plaintiff was placed in a position where he must take what was offered him by the United States Government or receive nothing from the remains of his property. No choice was left to him. It is submitted that it would be a most dangerous doctrine to establish in this jurisdiction, or elsewhere, that an estoppel can be predicated upon such facts.

It is very clear to us that the Court was misled by certain statements, unsupported by any evidence, appearing in the defendant's brief, as to the value of the export business of the Syndicat Orient as compared with its other properties. While the amount of the purchase price paid by the defendant to the Alien Property Custodian appears in the record, there was no evidence whatever as to the value of the entire property. It appears, to be sure, that the export trade of the Syndi-

cat Orient constituted ninety-five per cent of its total business; but it is equally true that the record throws absolutely no light upon the question of the total value of this concern's business and properties. The mere fact that the plaintiff paid a sum in excess of \$1,000,000.00 for the entire business, and that 95% of this business consisted of export trade, is wholly meaningless if it is borne in mind that the record is silent as to the worth of the entire holdings of the concern. What was the value of the 5% of the concern's domestic trade? It may have been nothing or it may have run into millions of dollars. And what of the lands, buildings, machinery, equipment, and other assets of the concern? Again, there is no answer from the record. The conclusion arrived at by the majority of the Court is, obviously, the result of the majority having assumed that the 95% of the plaintiff's business consisting of its foreign trade was substantially equivalent to about the same percentage of the total worth of the concern. Such could not possibly be the case. There is quite sufficient in the record to show that the Syndicat Orient operated a large cigar factory, which must have been worth a very considerable sum; and, as we have said, there is no evidence at all in the record to show what the value of these other properties was. Considering the state of the record upon this point, the matter of the price paid by the defendant for the plaintiff's bu-

siness and properties has no hearing whatever on the case.

We shall attempt no further argument, at this time, upon the very important question of international comity, and of the faith and credit which judgments of English courts should be given in courts of the United States and its dependencies, than that already presented to the Court in our brief. The authorities cited by us, conceded by the majority of the Court to be sound law, with practical unanimity support our contention that the fullest faith and credit should be given by our courts to the decisions of the English courts, and that in no event, even conceding the validity of the provisions of Section 311 of the Code of Civil Procedure, should a court in this jurisdiction consent to review a judgment of an English court, except for a clear mistake of law or fact *appearing upon the face of the record*. It is conceded that no such mistake appears. The Supreme Court of Hongkong was, and is, a court of competent jurisdiction; the defendant submitted to the jurisdiction of that court; the case was fairly tried, carefully considered, and ably decided.

This question is one of such importance, and the consequences that may result from the majority of the Court's adhering to its opinion are so serious, that we earnestly request the Court to reconsider this point and



to give further attention to the arguments presented by us and to the views of the minority.

As we pointed out in our brief, the conditions in this part of the world are such as peculiarly to require that the fullest faith and credit be given by the court of this and those of British jurisdictions to each other's judgments. Otherwise confusion and conflicts will be multiplied and the enforcement of judgments rendered in one jurisdiction be made practically impossible in the other.

No future event can be more certainly predicted than that, if the majority decision be allowed to stand, its effects will return to plague the commercial community of these islands. It will compel the courts of Hong-kong and other British jurisdictions in the Far East such as the Straits Settlements, India, and the International Settlement of Shanghai, fully to review every judgment coming from this and other courts sitting in American jurisdictions.

If there is any place in the world where the rule of comity contended for by us should be applied with great liberality, it is here in the Far East where we find the Philippine Islands surrounded by near neighbors with whom these islands are connected by close commercial ties, which, undoubtedly, will become closer and more important in the fu-

ture.

Respectfully submitted,  
Manila, P. I., January 22, 1925.

ROSS, LAWRENCE & SELPH,  
By (Sgd.) JAMES ROSS  
*Attorneys for Plaintiff-Appellee.*  
Pacific Building—Manila.

On January 26, 1925, the Supreme Court of the Philippine Islands passed a resolution denying the foregoing motion for reconsideration. Said resolution reads as follows:

Considering the motion of the attorneys for the plaintiff-appellee filed in case No. 22288, Car Franz Adolph Otto Ingenohl *vs.* E. Olsen & Company, Inc., praying, for the reasons given, that a rehearing be granted them therein and that the judgment heretofore rendered be set aside, the Court DENIED the MOTION. Messrs. Justice Malcolm and Avanceña dissent.

On January 29, 1925, the plaintiff and appellee, by his attorneys, filed the following exception and notice of petition for writ of certiorari:

(Caption and title omitted)  
EXCEPTION AND NOTICE OF PETITION  
FOR WRIT OF CERTIORARI

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Comes now the plaintiff-appellee in the above entitled cause, by his undersigned attorneys, and excepts to the decision rendered by this Honorable Court on the 26th day of

January, 1925, denying his motion for a rehearing in the above entitled action, and also excepts to the final judgment entered therein. Notice is hereby given that the plaintiff-appellee intends to petition the Supreme Court of the United States for a writ of certiorari for a review of the decision and judgment of this Court; and said plaintiff-appellee hereby makes application for the retention of the record in said cause in this Court pending the preparation and certification of said record and the presentation of said petition to the Supreme Court of the United States.

The grounds, inter alia, upon which the plaintiff-appellee intends to petition the Supreme Court of the United States for a writ of certiorari for the revision of the decision and judgment of this Court hereinabove referred to are:

I.

That Paragraph 2 of Section 311 of Act No. 190 of the Philippine Commission, enacted August 7, 1901, and effective October 1, 1901 (known as the Code of Civil Procedure of the Philippine Islands), applied by this Court in its decision in this cause, is in contravention of the Constitution and Laws of the United States of America, and in derogation of the sovereignty of the United States of America over the Philippine Islands:

II.

That this Court, in its decision in the

said cause, misapplied and erroneously construed the provisions of the Act of Congress of October 6, 1917 (known as "The Trading with the Enemy Act").

Plaintiff-appellee also prays for a stay of enforcement of the judgment of this Court during the pendency of the application for the writ of certiorari and of the proceedings to be had in the Supreme Court of the United States.

Manila, P. I., January 29, 1925.

ROSS, LAWRENCE & SELPH,

By (Sgd.) JAMES ROSS

*Attorneys for plaintiff-appellee.*

410-415 Pacific Building, Manila.

On January 30, 1925, the Supreme Court passed the following resolution:

Considering the motion of counsel for the plaintiff and appellee in case No. 22288, Carl Franz Adolph Otto Ingenohl vs. Walter E. Olsen & Company, Inc., excepting to the order of this Court of January 26th denying the motion for rehearing, as well as to the final judgment entered therein; giving notice of their intention to petition the Supreme Court of the United States for a writ of certiorari for a review of the decision and judgment of this Court, and praying that the record be retained in this Court pending the presentation of said petition: Exception noted and the amount of the bond for the stay of the exe-

cution of judgment is hereby fixed at ₧1,000, to be filed with this Court within ten days from notice hereof and to be approved by Mr. Justice Johns, after hearing the defendant as to the sufficiency of the bond and solvency of the sureties.

On February 3, 1925, Hon. Charles A. Johns, Associate Justice of the Supreme Court, approved the bond filed by the plaintiff and appellee on that same day, February 3, 1925, in compliance with the foregoing resolution.

THE UNITED STATES OF AMERICA  
PHILIPPINE ISLANDS

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IN THE SUPREME COURT OF THE PHILIPPINE ISLANDS

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I, V. ALBERT, Clerk of the Supreme Court of the Philippine Islands, do hereby certify that the foregoing four hundred thirty-five printed pages contain a true and correct translation and transcript of the record of the case entitled CARL FRANZ ADOLPH OTTO INGENOHL, Plaintiff and Appellee, vs. WALTER E. OLSEN & COMPANY, INC., Defendant and Appellant, concerning amount of money, bearing No. 22288 of the docket of this Supreme Court.

In witness whereof, I have hereunto set my hand and affixed the seal of the Supreme Court of the Philippine Islands this ..... day of April, A. D. one thousand nine hundred twenty-five.

V. ALBERT  
*Clerk of the Supreme Court  
of the Philippine Islands*

## SUPREME COURT OF THE UNITED STATES

ORDER ALLOWING CERTIORARI—Filed October 12, 1925

The petition herein for a writ of certiorari to the Supreme Court of the Philippine Islands is granted. And it is further ordered that the duly certified copy of the transcript of the proceedings below which accompanied the petition shall be treated as though filed in response to such writ.

(8429)

(5)

Office of the Clerk, U.S.  
FILED  
JUL 20 1925  
W. E. MANSEY

# In the Supreme Court

OF THE

## United States

OCTOBER TERM, 1925

No. **C-174**

CARL FRANZ ADOLF OTTO LINGENHOLZ,

*Petitioner,*

vs.

WALTER E. OLSEN & Co., Inc.,

*Respondent.*

NOTICE OF MOTION, MOTION, PETITION FOR WRIT  
OF CERTIORARI

to the Supreme Court of the Philippine Islands,

and

BRIEF IN SUPPORT THEREOF.

JOSEPH C. MEYERSTEIN,

Resident in the Philippines, San Francisco,

*Attorney for Petitioner.*





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**In the Supreme Court**  
OF THE  
**United States**

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OCTOBER TERM, 1925

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No.

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CARL FRANZ ADOLF OTTO INGENOHL,	}	<i>Petitioner,</i>
VS.		
WALTER E. OLSEN & Co., INC.,		

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**NOTICE OF MOTION FOR WRIT OF CERTIORARI**  
**to the Supreme Court of the Philippine Islands.**

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*To the respondent above named and its attorneys:*

Please take notice that on the <sup>5</sup>th day of October, 1925, at the opening of Court on that day, or as soon thereafter as counsel may be heard, Carl Franz Adolf Otto Ingenohl, petitioner herein will, upon his petition and copies of the entire record in this cause, submit a motion, a copy of which and of the petition for writ of certiorari and brief in support thereof are herewith delivered to you,

to the Supreme Court of the United States, in its Courtroom, at the Capitol, in the City of Washington, District of Columbia.

Dated, San Francisco,  
July 11, 1925.

JOSEPH C. MEYERSTEIN,  
*Attorney for Petitioner.*

**In the Supreme Court**  
 OF THE  
**United States**

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OCTOBER TERM, 1925

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No.

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CARL FRANZ ADOLF OTTO INGENOHL,	}	
VS.		<i>Petitioner,</i>
WALTER E. OLSEN & Co., INC.,		
		<i>Respondent.</i>

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**MOTION FOR WRIT OF CERTIORARI**  
**to the Supreme Court of the Philippine Islands.**

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*To the Honorable William Howard Taft, Chief Justice and the Associate Justices of the Supreme Court of the United States:*

Now comes Carl Franz Adolf Otto Ingenohl and moves this Honorable Court that it shall by certiorari directed to the Honorable the Chief Justice and the Associate Justices of the Supreme Court of the Philippine Islands require said Court to certify to this Court for its review and determina-

tion a certain case in said Supreme Court of the Philippine Islands pending, wherein your petitioner was respondent and the respondent Walter E. Olsen & Co., Inc., was appellant; and to that end petitioner now tenders herewith his petition and brief with a certified copy of the entire record in said cause in said Supreme Court of the Philippine Islands.

Dated, San Francisco,  
July 11, 1925.

JOSEPH C. MEYERSTEIN,  
*Attorney for Petitioner.*

**In the Supreme Court**  
OF THE  
**United States**

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OCTOBER TERM, 1925

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No.

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CARL FRANZ ADOLF OTTO INGENOHL,

*Petitioner,*

VS.

WALTER E. OLSEN & Co., INC.,

*Respondent.*

**PETITION FOR WRIT OF CERTIORARI**  
**to the Supreme Court of the Philippine Islands.**

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*To the Honorable William Howard Taft, Chief Justice and the Associate Justices of the Supreme Court of the United States:*

Your petitioner, Carl Franz Adolf Otto Ingenohl, respectfully prays for a writ of certiorari to review the judgment of the Supreme Court of the Philippine Islands in the case of Carl Franz Adolf Otto Ingenohl, plaintiff and appellee, v. Walter E. Olsen & Co., Inc., defendant and appellant. The decision



of the Supreme Court of the Philippine Islands was promulgated on the 12th day of January, 1925, and was entered as a final judgment on the 26th day of January, 1925. Your petitioner, in compliance with Rule 37, Section 3 of this Court submits the following:

I.

**SUMMARY AND SHORT STATEMENT OF THE  
MATTER INVOLVED.**

The petitioner Ingenohl is, and for many years prior to all of the happenings in this case was, a citizen and resident of the City of Antwerp, in the kingdom of Belgium. He occupied the position of "gerant" or "gestor" of a Belgian association or corporation, which for many years operated a cigar factory and business in the City of Manila, Philippine Islands, and likewise in the City of Hongkong, Colony of Hongkong. For all the purposes of this case he may be assumed to have been the actual owner of both businesses. The cigars manufactured in the factories referred to were purveyed to the public in the Philippine Islands and more largely in China and the Straits Settlements under established trade marks. These trade marks were registered in the Philippine Islands many years prior to the seizure of the Manila business as hereinafter related and likewise in the Colony of Hongkong and in a number of other countries, including Belgium and the United States. As registered and used in Hongkong, the trade marks contained words indicating that the Hongkong business was a branch

of the Manila business. Some time prior to December 27, 1918, (exactly when does not appear, nor does it appear whether or not Antwerp was at the time enemy occupied territory) Ingenohl's factory and other assets in the City of Manila were seized by the Alien Property Custodian of the United States by virtue of a power claimed under the provisions of the Trading with the Enemy Act of October 16, 1917, as amended, and thereafter on the 25th day of January, 1919, sold to the respondent here for 2,350,000 pesos. A bill of sale was executed by the Alien Property Custodian to the respondent here specifically describing the tangible assets so sold and likewise including in general terms the goodwill and trade marks of the business so sold. Ingenohl's Hongkong factory and business remained in his control and he continued to operate the same and to sell the product of his factory in Hongkong and elsewhere in China under the trade marks which had been registered in the Colony of Hongkong. The purchaser of the Manila business, respondent here, claimed the right as purchaser of the Manila business to sell cigars manufactured in its Manila factory in the Colony of Hongkong and elsewhere in China and the Straits Settlements under the same trade marks. Ingenohl thereupon brought an action in the Supreme Court of Hongkong (a Court of first instance and of general jurisdiction) to establish his right as the sole proprietor in Hongkong of the trade marks and to restrain the defendant from selling there its

cigars in boxes or packages bearing thereon the said trade marks. After a regular trial, both parties duly appearing and being represented by counsel and submitting evidence, the Supreme Court of Hongkong duly gave and made its judgment on the 5th day of May, 1922, adjudging Ingenohl to be the sole proprietor of the trade marks in Hongkong and restraining defendant accordingly from the sale of cigars in boxes or packages bearing thereon the said trade marks. This judgment carried costs duly taxed and allowed in the sum of \$26,244.23 Hongkong currency (equal to 31,099.41 pesos, Philippine currency) and through failure of defendant to appeal became final. Thereafter Ingenohl commenced an action against the respondent here in the Court of First Instance of Manila to recover the costs awarded him by the Hongkong judgment. In this action the respondent here appeared and by answer and counterclaim denied Ingenohl's right to recover the costs awarded under the Hongkong judgment, challenged the validity and finality of that judgment, claimed the right under the law of the Philippine Islands to repel the judgment for clear mistake of law and fact and so to retry the issues which had been decided by the Hongkong Court, and upon such retrial recover damages from Ingenohl for violation of its rights in the trade marks laid in the sum of a million pesos. The Manila Court of First Instance upheld the finality of the Hongkong judgment and gave judgment for Ingenohl, pursuant to the prayer of his complaint.

Respondent here appealed from this judgment to the Supreme Court of the Philippine Islands and that Court reversed the judgment of the Court of First Instance of Manila, holding that under the provisions of Section 311 of the Code of Civil Procedure of the Philippine Islands the Hongkong judgment could be repelled for a clear mistake of law or fact, that it was not binding in the Philippine Islands because the Hongkong judgment was the result of a clear mistake of law and fact; that the respondent here is the exclusive owner of the trade marks and entitled to their exclusive use and enjoyment not only in the Philippine Islands but in all other countries and that therefore Ingenohl is not entitled to recover the costs assessed by the Hongkong Court. The Supreme Court of the Philippine Islands further decided that the respondent here was not entitled to recover on its counterclaim for damages for reasons which are not pertinent here.

It appears from the answer filed by the respondent here that the value of the trade marks in question in China is one million pesos and likewise it appears by affidavit of a competent witness made a part of the record here that the value of these trade marks in Hongkong (the value in controversy) exceeds \$25,000. The case is one, therefore, which it is competent for this Court to certify to itself for review and determination. Jurisdiction may likewise be entertained by this Court upon the ground that Section 311 of the Code of Civil Pro-

cedure of the Philippine Islands conflicts with a right or privilege of the United States. There follows a brief exposition of the grounds for asserting that the case exhibits impelling reasons for the exercise of this jurisdiction in both of its phases.

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## II.

### **GENERAL REASONS RELIED ON FOR ALLOWANCE OF WRIT.**

1. An international question, a question of international comity and a question of international law are involved because there is involved in the decision of the Supreme Court of the Philippine Islands the question of the faith and credit which judgments of English Courts shall be given in Courts of the United States and its dependencies. The Supreme Court of Hongkong is the Court of an English colony, administering justice in accordance with the enlightened principles of jurisprudence followed by the Courts of England and by our own Courts. The Supreme Court of the Philippine Islands not only undertakes to deny to the judgment of a Court of a foreign state administering the same system of jurisprudence as our own Courts and having jurisdiction of the parties and without imputation of fraud or misrepresentation, the full faith, credit and finality which would be accorded to the judgment of one of our Courts in England or its colonies; but the Court undertakes to challenge that judgment although it is in accord with the law as expounded by our own Courts, and

where if it could be said to have erred at all, it certainly cannot be said to have erred to such a degree that the error is tantamount to a clear mistake of law or fact.

Important as the question is standing alone, it assumes an additional gravity when viewed in the light of the geographical contiguity of the Philippine Islands to Hongkong and other British jurisdictions in the Far East, such as the Straits Settlements, India and the International Settlement of Shanghai, with steady commercial and social exchanges necessarily involving frequent judicial determinations of the rights of the respective nationals of these localities, which, if the judgment of the Supreme Court of the Philippines is allowed to stand, will lack the finality essential to the orderly administration of justice in matters of private international law.

2. Section 311 of the Code of Civil Procedure of the Philippine Islands, by virtue of which the Supreme Court of the Philippine Islands undertook to inquire into the correctness of the Hongkong judgment, is in conflict with the established law and policy of the United States. This section provides that a foreign judgment *in personam* "may be repelled by evidence of a want of jurisdiction, want of notice to the party, collusion, fraud or clear mistake of law or fact". This section was copied from Section 1915 of the Code of Civil Procedure of the State of California as it stood prior to 1907. The California statute was amended in 1907 so as to

give full faith and credit to foreign judgments, in order to bring the law of that state into consonance with the principles established by this Court. In *Hilton v. Guyot*, 159 U. S. 113, the vexatious question was set at rest and there was established for all time as a principle to be followed by the Courts of this country and its dependencies until changed by statute or treaty the principle

“that where there has been an opportunity for a full and fair trial abroad before a court of competent jurisdiction conducting the trial upon regular proceedings, after due citation or voluntary appearance of the defendant, and under a system of jurisprudence likely to secure an impartial administration of justice between the citizens of its own country and those of other countries, and there is nothing to show either prejudice in the court or in the system of laws under which it was sitting, or fraud in procuring the judgment, or any other special reason why the comity of this nation should not allow it full effect, the merits of the case should not, in an action brought in this country upon the judgment, be tried afresh, as on a new trial or an appeal, upon the mere assertion of the party that the judgment was erroneous in law or in fact.”

As the Courts of England allow under the circumstances embraced in the announcement of the principle full faith and credit to the judgments of our own Courts and as no statute of the United States nor any treaty with England has changed the rule either expressly or by intendment, it was not competent for the legislature of the Philippine Islands to adopt a statute conflicting with the law of its

mother country; and the principle just stated is more than a mere principle of comity; it is a law—an international law and therefore “part of our law”, as so declared by this Court in the case just cited. The seriousness of this question was given clear expression in the dissenting opinion of two of the justices of the Supreme Court of the Philippine Islands.

3. Not only was there no clear mistake of law or fact in the judgment pronounced by the Hongkong Court, but the judgment was a proper expression of the law applicable to the facts as declared by the highest Court of the British Empire and by this Court. The trade marks appurtenant to and used in Ingenohl's Hongkong business and factory were not and could not be affected by a sale of Ingenohl's property in the United States or its dependencies made by the Alien Property Custodian of the United States. The acts of the Alien Property Custodian of the United States did not and could not have any extra territorial effect irrespective of whether the language of the bill of sale did or did not purport to carry the trade marks without the territorial limits of the Philippine Islands. Ingenohl at the time of the sale and thereafter was operating a cigar factory in Hongkong and using in connection therewith trade marks duly registered in that colony; and he could not be divested of his rights to use these trade marks in conjunction with the output of his Hongkong factory by virtue of any act of an administrator, governmental or other-



wise, acting under the authority of a foreign government in a foreign land. This is the rule laid down by the House of Lords in *Lecouturier v. Rey* (1910), A. C. p. 265 and by this Court in *Baglin v. Cusenier Co.*, 221 U. S. 580.

Your petitioner furnishes, as an exhibit to this petition, a certified copy of the transcript of the record of said case, including all proceedings in the Supreme Court of the Philippine Islands.

Wherefore your petitioner respectfully prays that a writ of certiorari may be issued out of and under the seal of this Honorable Court directed to the Supreme Court of the Philippine Islands demanding said Court to certify and send to the Supreme Court of the United States for its review and determination on a day certain to be therein designated a full and complete transcript of the record and of all proceedings in said Supreme Court of the Philippine Islands in the said case entitled "Carl Franz Adolf Otto Ingenohl, Plaintiff and Appellee, vs. Walter E. Olsen & Co., Inc., Defendant and Appellant, R. G. No. 22288", and that the judgment of said Supreme Court of the Philippine Islands may be reversed by this Honorable Court, and that your petitioner may have such other and further relief in the premises as to this Honorable Court may seem meet, and your petitioner will ever pray.

Dated, San Francisco,

July 11, 1925.

JOSEPH C. MEYERSTEIN,

*Attorney for Petitioner.*

**In the Supreme Court**  
OF THE  
**United States**

OCTOBER TERM, 1925

No.

CARL FRANZ ADOLF OTTO INGENOHL,	}
<i>Petitioner,</i>	
VS.	
WALTER E. OLSEN & Co., INC.,	}
<i>Respondent.</i>	

**BRIEF IN SUPPORT OF PETITION FOR WRIT**  
**OF CERTIORARI**  
**to the Supreme Court of the Philippine Islands.**

As the facts and grounds upon which the petitioner relies for writ of certiorari are briefly set forth in the petition, petitioner now presents this elaboration of the grounds.

**I.**

**IT IS COMPETENT AND PROPER FOR THE SUPREME COURT OF THE UNITED STATES TO ENTERTAIN JURISDICTION IN THIS CASE.**

(A) The Supreme Court of the United States has jurisdiction to review the decision of the Su-

preme Court of the Philippine Islands because the value in controversy exceeds \$25,000.00. A part of the decision of the Supreme Court of the Philippine Islands is as follows:

“That the defendant is the exclusive owner of the business of the plaintiff and his company as a going concern, and has absolute title and right to all of the trade marks in question and to their exclusive use and enjoyment not only in the Philippine Islands but in all other countries where they are duly registered.” (Tr. pp. 393, 394.)

It appears from the answer of the respondent here, as filed in the Court of First Instance at Manila that the value of these trade marks *outside* of the Philippine Islands is 1,000,000 pesos. (Tr. p. 88.)

That the value in controversy exceeds \$25,000.00 further appears from an affidavit of a competent witness made part of the record here.

(B) It is competent for the Supreme Court of the United States to review the decision of the Supreme Court of the Philippine Islands because there is involved a right or privilege of the United States in that Section 311 of the Code of Civil Procedure of the Philippine Islands by reason of the terms of which section the Court concluded that it could deny finality to the Hongkong judgment and reopen and retry the questions disposed of by the Hongkong judgment, is in conflict with the established policy and international law of the United States. Section 311 of the Code of Civil Procedure of the Philippine

Islands provides that a foreign judgment *in personam* "may be repelled by evidence of a want of jurisdiction, want of notice to the party, collusion, fraud or clear mistake of law or fact". The dissenting opinion of the Supreme Court of the Philippine Islands directs attention to the fact that this section was copied from Section 1915 of the Code of Civil Procedure of the State of California, and that a careful search fails to disclose any other similar statutory provision in the United States or elsewhere. It is interesting to note that Section 1915 of the Code of Civil Procedure of the State of California was amended and that as the section now stands a final judgment of a Court of a foreign country having jurisdiction according to the laws of such country to pronounce said judgment has the same effect as in the country where rendered and the same effect as final judgments in the State of California. The Code Commissioner's note in connection with the change in the California law is likewise interesting and it reads as follows:

"The amended section gives full faith to foreign judgments. This also insures full credit to the judgments of our State courts in those foreign jurisdictions where such recognition of those judgments depends upon reciprocal recognition—see *Hilton v. Guyot*, 159 U. S. 113."

Undoubtedly it appeared to the Legislature of the State of California that this code section as it stood prior to 1907 conflicted with the policy and principle of the law of the United States as established by this Court. Section 311 of

the Code of Civil Procedure of the Philippine Islands remains unamended, and as it reads, does violence to the established policy and law of the United States. The principles to be observed in dealing with judgments of foreign Courts were clearly laid down in *Hilton v. Guyot*, *supra*. In the decision immediately following, namely *Ritchie v. McMullen*, 159 U. S. 235, the effort was made to go back of a Canadian judgment, and this Court said,

"The defenses set up in the answer to this action upon the Canadian judgment reduce themselves to an attempt, without any sufficient allegation of want or jurisdiction of the cause or of the defendant, or of fraud in procuring that judgment or of any other special ground for not allowing the judgment full effect, but upon general allegations setting up the same matters of defence which were pleaded and might have been tried in a foreign court, to reopen and try anew the whole merits of the original claim in an action upon the judgment. This for the reasons stated in *Hilton v. Guyot*, *ante*, 95, cannot be allowed.

Upon principle, therefore, as well as upon authority, comity requires that the judgment sued on should be held conclusive of the matter adjudged."

As stated by this Court in *Hilton v. Guyot*,

"International law \* \* \* including questions arising under what is usually called private international law, or the conflict of laws, and concerning the rights of persons within the territory and dominion of one nation by reason of acts, private or public, done within the dominions of another nation—is part of our law;"

As the Court there announced a principle for the guidance of all the Courts of the United States in their treatment of foreign judgments when sued upon in this country, the principles so announced become themselves part of our law; and manifestly a dependency of the United States cannot by statute overturn a principle of law so established. Assuredly it would hardly be contended that a section of the Philippine Code could stand as against either a treaty or a statute of the United States. In the absence of a treaty or statute of the United States, the decision of this Court upon a particular principle is the law of the land; and, it is submitted, it is not competent for a dependency to enact legislation clashing with the law of the mother country as so established. It would be strange if, after efforts extending over many years, the Courts of England and the United States had finally succeeded in clarifying and stating with precision a principle of reciprocal faith and credit to be attached to the judgments of their respective Courts, a dependency of one or the other could overturn a relationship so built up and established, by the act of a provincial Legislature, Commission or Court. The dissenting justices of the Philippine Supreme Court were not unmindful of the value of this contention, for they say (Tr. p. 418):

“It may well be doubted if the government of the United States ever intended that the Philippine Commission, acting under war powers, should enact legislation at variance with the foreign policies and relations of the

United States. It is questionable, if it is not beyond the power of the local legislature to provide peculiar legislation so entirely out of harmony with international comity. If forced to take the stand, we would debate long before holding that this provision in Philippine law is valid and constitutional.

It is a most serious responsibility which this court assumes when it ventures to set at naught the full effect of reciprocity between two great states of the world, gravely acknowledged in both and fulfilled everywhere else in the two countries with the most scrupulous regard for the rights of the other”.

As it is competent on two grounds for this Court to review the decision of the Supreme Court of the Philippine Islands, an invitation to do so ought to be considered sufficiently insistent in this case. It appears here, a large money value aside, that there are involved questions concerning the faith and credit to be given a judgment of a foreign Court, a question of private international law, and a question of the right of a dependency to enact legislation which clashes with the announced policies and principles of the mother country as declared by its Court of last resort.

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## II.

### THE JUDGMENT OF THE SUPREME COURT OF THE PHILIPPINE ISLANDS IS ERRONEOUS.

Obviously, if the principles of *Hilton v. Guyot*, *supra*, and *Ritchie v. McMullen*, *supra*, are to rule

the decision with reference to the finality of the Hongkong judgment, and not Section 311 of the Code of Civil Procedure of the Philippine Islands, the judgment of the Supreme Court of the Philippine Islands is in error. In the opinion of the Supreme Court of the Philippine Islands this is admitted, for the court says, (Tr. p. 386):

“Be that as it may, this court is bound by Section 311 of the Code of Civil Procedure. In so far as we are advised, the question here is one of first impression, and no other country has a like statute. That law was enacted by the legislature of the Philippine Islands and as to the Philippine Islands, it is the law of the land. *In the absence of that statute, no matter how wrongful the judgment of the Hongkong Court may be, there would be strong reasons for holding that it should be enforced by this court*”. (Italics ours.)

But giving Section 311 its utmost force and effect the Hongkong judgment is still entitled to full faith and credit because, as will be clearly established, there was no mistake—clear or otherwise—of law or fact in the Hongkong proceedings or judgment.

We may pass by the erroneous finding of fact in the opinion of the Supreme Court of the Philippine Islands that Ingenohl was a German citizen and likewise the statement that the primary purpose of the proceedings on which the conveyance of the Alien Property Custodian was based, was,—“to wipe Ingenohl and his company out of existence”; although the desirability may be doubted of per-



mitting to remain standing as a binding principle of law, that Congress intended to wipe out the business of a Belgian or an American citizen unfortunate enough to have been detained during the War within the enemy lines. Likewise we may leave unchallenged the conclusion of the Philippine Supreme Court that the bill of sale as executed by the Alien Property Custodian undertook by its very terms to pass title to Ingenohl's trade marks everywhere. Nor need we linger over the point that there must be some distinction between a mistake of law or fact and a *clear* mistake of law or fact and that such mistake must appear on the record. A mistake can hardly be said to be clear when counsel and Courts and indeed two of the justices of the Supreme Court of the Philippine Islands differ as to the law. It will suffice to present the bald question,—If the judgment of the Hongkong Court is not final, is it right or wrong? And the answer to this question must be found in the answer to the question,—

*Could or could not the Alien Property Custodian of the United States divest Ingenohl of his rights to trade marks appurtenant to and used in his factory in Hongkong and registered in the Colony of Hongkong?*

It is clear that the Alien Property Law had no extra territorial effect. Neither did the act of the Alien Property Custodian, and this is true whether in his official capacity he undertook to deal with

tangible property or intangible, such as trade marks, because it is not unqualifiedly true that a trade mark is not limited in its enjoyment by territorial bounds. In *United Drug Co. v. Rectanus Co.*, 248 U. S. 90, it is said:

“And the expression sometimes met with, that a trade-mark right is not limited in its enjoyment by territorial bounds is true only in the sense that wherever the trade goes attended by the use of the mark, the right of the trader to be protected against the sale by others of their wares in the place of his wares will be sustained”;

and again in the same case it is said:

“It is not contended, nor is there ground for the contention, that registration of the Regis trademark under either the Massachusetts statute or Act of Congress, or both, have the effect of enlarging the rights of Mrs. Regis, or of petitioner beyond what they would be under common law practice. *Manifestly the Massachusetts statute could have no extra territorial effect.*” (Italics ours.)

The case here is no different from that which was presented for the consideration of this Court in *Baglin v. Cusenier Co.*, 221 U. S. 580. There the business and trade marks of the Carthusian Monks in France were seized by an official liquidator for the French government; but as the Monks had removed to Spain, conducted their business there and used the trade marks in connection with the liqueur they manufactured, it was held that their right to do so in the United States could not be checked at the instance of the French liquidator. Here, it will

be borne in mind, that whether the Hongkong factory be considered as a branch of the Manila business, or of a business having its headquarters in Belgium, still it was a business without the territorial limits of the United States, a going concern and selling cigars under trade marks registered in Hongkong. Under these circumstances it did not lie within the power of the Alien Property Custodian in the Philippine Islands, nor within the power of the government of the United States, from which he derived his powers, to sequester and sell trade marks attached to a going business in another jurisdiction. As was stated in the *Chartreuse* case just cited

“we are not concerned with their authority under the French law to conduct this business, but it is in the business to which the trade-marks in this country relate. The business is being conducted according to the ancient process by the Monks themselves. *The French law cannot be conceived to have any extra territorial effect to detach the trade marks in this country from the product of the Monks which they are still manufacturing.*” (Italics ours.)

In the same case we find quoted with approval, the language of Lord McNaghten in the House of Lords in a similar case, *Lecouturier v. Rey* (1910), A. C. 265:

“Of course in this country a trade mark can only be enjoyed in connection with a business, but I think that the Monks are carrying on a business in connection with which they can enjoy any trademarks to which they may be entitled and the labels which were put upon the

register and in respect of which the defendant Lecouturier has had his own name placed upon the register. Are those trademarks the property of the plaintiff? In my opinion they clearly are."

And, again in the *Chartreuse* case, *supra*, it is said:

"The Monks were enabled to continue their business because they still had the process. In continuing it they enjoyed all the rights pertaining to it, *save to the extent which by force of the local law they were deprived of their enjoyment in France.*" (Italics ours.)

Ingenohl was at all times manufacturing cigars and using in connection with that manufacture such skill and processes as belonged to him and his associates in Hongkong, and the product of his Hongkong factory was at all times being distributed in Hongkong, in China and in the Straits Settlements. If he, himself, had sold his Manila factory and trade marks and goodwill of the business there (and that is all the Alien Property Custodian could do), the purchaser there could not have interfered with Ingenohl's use of the marks in Hongkong or elsewhere, any more than Ingenohl himself could have interfered with the purchaser's marks in the Philippine Islands after such sale. A similar case was presented in *Bourjois & Co. v. Katzel*, 260 U. S. 689. There the French manufacturers of face powder packed under a distinctive mark, sold the American rights. The defendant bought a large quantity of the same powder in France and under-

took to resell it in the United States under a similar mark to that which had been acquired by the purchasers of the American rights. The American purchaser brought suit and enjoined such sale and in the decision it is said:

“We are of the opinion that the plaintiff’s rights are infringed. After the sale the French manufacturers could not have come to the United States and have used their old marks in competition with the plaintiff.”

The converse of this must likewise be true. The American purchaser certainly could not have gone to France and have used the marks in competition with the French owner there, as long as the French owner remained in business there; nor could the American purchaser have used the marks in competition with the French owners in England or any other country where the French owners had them properly registered and continued to use them in their business. The case of *Koppel Industrial Car & Equipment Co. v. Orenstein, etc.*, 289 Fed. 446, relied on so strongly by respondent in the Supreme Court of the Philippine Islands, holds no more than the *Bourjois* case just cited. Both of these cases are, if anything, authorities which sustain the position of the petitioner here, for they clearly recognize the principle that the trade mark attached to a going business in a particular jurisdiction is property in that jurisdiction and is not affected either by a sale made by the owner himself limited to another jurisdiction or by the authority of the government of another jurisdiction. In conclusion it may perhaps be

stated that the question presented here cannot be more clearly presented than by stating it thus: Assume that the English Government acting through an Alien Property Custodian, or similar officer under a statute similar to our Alien Property Law, had seized and sold the Hongkong factory of Ingenohl and the trade marks appurtenant to it as registered in the Colony of Hongkong, could the purchaser of the Manila business have restrained the purchaser of the Hongkong business from using the trade marks registered in Hongkong in that Colony? To put it a little more strikingly, could the purchaser of the Hongkong business and the trade marks appurtenant to it, as registered in the Colony of Hongkong, have come into a Court of the Philippine Islands and have successfully restrained the purchaser of the Manila business and the trade marks appurtenant to it, from using those trade marks in the Philippine Islands?

In the light of the decisions of both this Court and the Court of Last Resort of England, the question practically answers itself.

For the reasons stated, it is submitted that the judgment of the Supreme Court of the Philippine Islands is in error and ought to be reversed.

Dated, San Francisco,

July 11, 1925.

Respectfully submitted,

JOSEPH C. MEYERSTEIN,

*Attorney for Petitioner.*

## American Consular Service.

I, J. Cameron Hawkins, Vice Consul of the United States of America at Hongkong, duly commissioned and qualified, do hereby certify and make known to whom these presents may come that Michael Howard Turner, before whom the annexed affidavit hath been made was at the time of signing the annexed certificate, a notary public in and for the Colony of Hongkong, duly authorized to administer oaths and affirmations and to take declaration in lieu of oaths, and that I believe the deponent is worthy of credit and qualified to verify the annexed affidavit.

In witness whereof I have hereunto set my hand and seal of office at Hongkong, aforesaid, this 30th day of May, 1925.

(Seal)

J. CAMERON HAWKINS,

Vice Consul of the United  
States of America.

Cancelled revenue stamp

Jun. 4, 1925

Fee No. 1417

# In the Supreme Court

OF THE  
United States

OCTOBER TERM, 1925

No.

CARL FRANZ ADOLF OTTO INGENOHL,

*Petitioner,*

VS.

WALTER E. OLSEN & CO., INC.,

*Respondent.*

## AFFIDAVIT OF H. SIELING AS TO AMOUNT INVOLVED IN DISPUTE,

On Petition For Writ of Certiorari to the Supreme Court of  
the Philippine Islands.

City of Victoria,  
Colony of Hongkong.—ss.

I, Herman Sieling, of the City of Victoria in the  
Colony of Hongkong of lawful age make oath and  
say as follows:

1. I am the duly appointed agent and attorney  
by deed of the above named Carl Franz Adolph  
Otto Ingenohl and have been in charge of the busi-



ness carried on by the said Carl Franz Adolph Otto Ingenohl in Hongkong under the style of the Orient Tobacco Manufactory since the year 1908, and I am therefore thoroughly conversant with all matters appertaining to the said business and in particular am familiar with the trade-marks which are the subject matter of the controversy in the above entitled cause, namely the said trade-marks consisting (inter alia) of "La Perla del Oriente", "El 'Cometa' del Oriente" and "Imperio del Mondo".

2. The said trade marks have been used in the aforesaid business in Hongkong by the said Carl Franz Adolph Otto Ingenohl since the year 1910 and in my opinion such trade marks are now worth more than \$25,000 United States currency to wit—not less than \$250,000 United States currency.

H. SIELING.

Subscribed and sworn before me this 29th day of May, 1925.

(Seal)

Michael H. Turner,  
Notary Public,  
Hongkong.

## Revenue stamps

To all to whom these presents shall come, I Michael Howard Turner, Notary Public, duly authorized, admitted and sworn, residing and practising at Victoria in the Colony of Hongkong do hereby certify that Herman Sieling the person named in the affidavit hereunto annexed was duly sworn to the truth thereof before me and by me on the date thereof and that the signature "H. Sieling" thereto subscribed is in the proper handwriting of the said Herman Sieling and that the signature "Michael H. Turner" is in the proper handwriting of me the said Notary.

In testimony whereof I have hereunto subscribed my name and affixed my seal of office this twentieth day of May in the year of our Lord one thousand nine hundred and twenty-five.

(Seal)

MICHAEL H. TURNER,

Notary Public,

Hongkong.

**In the Supreme Court**  
OF THE  
**United States**

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OCTOBER TERM, 1925

---

No.

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CARL FRANZ ADOLF OTTO INGENOHL,	}
<i>Petitioner,</i>	
VS.	
WALTER E. OLSEN & Co., INC.,	}
<i>Respondent.</i>	

**AFFIDAVIT OF MAILING NOTICE.**

State of California,  
City and County of San Francisco.—ss.

Joseph C. Meyerstein, being first duly sworn, deposes and says:

That he is an attorney at law and is the attorney of record for the above named petitioner in the above entitled cause and that he resides at the City and County of San Francisco, State of California, and has his office at No. 57 Post Street in said City and County of San Francisco, State aforesaid; that

Messrs. Gibbs and McDonough are the attorneys of record for the above named respondent in said cause, and that they reside in the City of Manila in the Philippine Islands, and have their office at 302 Roxas Building, in said City of Manila, Philippine Islands; that in each of said two places there is a Post Office, and between said two places there is regular communication by United States Mail; that on the 11th day of July, 1925, deponent served a true copy of the petition for writ of certiorari to the Supreme Court of the Philippine Islands, of the motion for writ of certiorari from the Supreme Court of the United States to the Supreme Court of the Philippine Islands, of the notice of application to the Supreme Court of the United States for writ of certiorari, and of the brief in support of petition for writ of certiorari as annexed hereto, on said Messrs. Gibbs and McDonough, the said attorneys for said respondent, by depositing a copy of said motion for writ of certiorari and of said notice of application for said writ of certiorari, and of said petition for writ of certiorari and the brief in support thereof on said date in the United States Post Office at the said City and County of San Francisco aforesaid properly enclosed in an envelope addressed to the said Messrs. Gibbs and McDonough, attorneys at law, at 302 Roxas Building, Manila, Philippine Islands, the office of said attorneys for respondent, and prepaying the postage thereon.

JOSEPH C. MEYERSTEIN.

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IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1926.

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No. 174.

---

CARL FRANC ADOLF OTTO INGENOHL, *Petitioner*,

*vs.*

WALTER E. OLSEN & COMPANY, INC., *Respondent*.

---

ON WRIT OF CERTIORARI TO THE SUPREME  
COURT OF THE PHILIPPINE ISLANDS.

---

BRIEF FOR PETITIONER.

---

**PRELIMINARY STATEMENT.**

This certiorari was granted October 12, 1925, pursuant to sections 7 and 8 of the act of February 13, 1925 (43 Stat. 940), to review a final judgment of the Supreme Court of the Philippine Islands (419-420), which reversed a judgment of the Court of First Instance of said Islands (R. 329-330) and adjudged that

the petitioner (plaintiff below and hereinafter referred to as plaintiff) could not recover from Walter E. Olsen & Company, Inc. (defendant below and hereinafter referred to as defendant), the sum of \$26,244.23, Hongkong currency. The plaintiff sought to recover the said amount as costs, duly taxed and allowed him in another suit, brought by him against the defendant in the Supreme Court of the British Colony of Hongkong (R. 6-9), hereinafter referred to as the Hongkong Court. A motion for a rehearing was denied (R. 432).

### **STATEMENT OF THE CASE.**

The plaintiff is, and has been for many years, a large manufacturer of cigars. He is, and has been for many years, a citizen of Belgium and his residence and principal office has always been in Antwerp. He maintained factories for the manufacture of cigars in Manila and Hongkong, and his cigars, which had long been marketed under trade-marks hereinafter referred to, enjoyed large markets in the Orient. The Manila branch was established in 1882, and until 1905 had been conducted under the corporate name of "El Oriente Fabrica de Tabacos, Sociedad Anonima."

The Sociedad Anonima transferred in 1906 the Philippine tobacco business, including the trade-marks, to plaintiff (R. 190-191) who organized under the Belgian laws an "Association en participation" under the name of the Syndicat Oriente (R. 163-177) to which plaintiff transferred the Philippine tobacco business (R. 150, par. 16). As gerant, or manager of the Syndicat Oriente, plaintiff continued the Philippine business and established in 1908, at Hongkong, China, another factory for the manufacture and sale of cigars. The business was conducted in the Philip-

pine Islands by the Syndicat Oriente under the name and style of "El Oriente Fabrica de Tabacos, C. Ingenohl, Manila," while the business at Hongkong, was conducted under the name and style of "El Oriente Fabrica de Tabacos, Hongkong, Surcusal de la Fabrica en Manila." The difference between the output of the Manila and Hongkong factories was in the use of Java tobacco for wrappers of the Hongkong cigars (R. 150-151).

The cigars were sold under the following trade-marks:

(1) "La Perla del Oriente," (2) "El Cometa del Oriente" and (3) "Imperio del Mundo" (R. 147-151, 185-189). These trade-marks were registered in the Philippine Islands in 1884-1887, as the property of the Sociedad Anonima. They were likewise registered in the British Colony of Hongkong, in 1903. After the aforesaid transfer of the Manila tobacco business to the Syndicat Oriente in April, 1906, an assignment of the trade-marks to "El Oriente Fabrica de Tabacos, C. Ingenohl, Manila," was registered in the Philippine Islands and in 1910 in Hongkong. These trade-marks were registered in France, Australia, New Zealand, and in the Custom House at Shanghai in the name of "El Oriente Fabrica de Tabacos, C. Ingenohl, Manila." The trade-mark "Imperio del Mundo" was registered in Belgium in the name of Carl Ingenohl, Manila, while the others were registered in Belgium in the name of "El Oriente Fabrica de Tabacos, Antwerp, represented by its manager C. Ingenohl." The registration in England was in the name of "Carl Ingenohl, Managing director of and on behalf of El Oriente Fabrica de Tabacos, Sociedad Anonima, Antwerp, Belgium and Manila, Philippine

Islands." (R. 152-153.) Two of the trade-marks were registered in the United States Patent Office in the name of C. Ingenohl. These two trade-marks were El Cometa del Oriente and La Perla del Oriente. The Patent Office refused registration of the third trade-mark, Imperio del Mundo. (Exhibits "A" and "B," *infra*, pp. 47-52.)

This was the situation in December, 1918.

After the signing of the Armistice and the evacuation by Germany of occupied territory in Belgium, the Deputy Alien Property Custodian in the Philippine Islands who had seized the Manila factory under the Trading with the Enemy Act—with unusual speed—sold and conveyed on January 25, 1919, the property to defendants. The contract of sale, after reciting the seizure of the property in the Philippine Islands, "owing, or belonging to, or held for, by or on account of, or on behalf of the company known as the Syndicat Oriente, a Company formed under the laws of Belgium," conveyed the following property:

"All and singular the property, real and personal, rights, claims, titles, interests, effects and assets of every kind and description whatsoever (except only as specifically reserved and excepted hereinafter), *wheresoever situate in the Philippine Islands*, and all incidents and appurtenances thereto, including the business as going concern and the good will, trade names *and trade-marks thereof*, of Syndicat Oriente, a company formed under the laws of Belgium with its registered office in Antwerp, Belgium, *and heretofore doing business in the Philippine Islands* under the name 'El Oriente Fabrica de Tabacos, C. Ingenohl.'" (R. 24.) (Italics ours.)

Then followed in paragraph 1 a description of real estate. Paragraphs 2 and 3 of the agreement included:

"2. The factories and other buildings located upon the above described real estate and all furniture, fixtures, machines, tools, equipment, launches and barges, materials, supplies, labels, brands, tobacco, cigars, raw stock, partly or wholly manufactured, therein *or belonging to said business.*

"3. All accounts receivable or other credits and all contract rights belonging to said business, except *the account owing by the Orient Tobacco Manufactory of Hongkong.*" (R. 38.) (*Italics ours.*)

The agreement further provided, in paragraph 4, (R. 39) that:

"Neither the United States nor the Alien Property Custodian nor any representative or agent or agency thereof shall be held or admitted to make any representation or guaranty, express or implied, concerning, or in any way respecting the above property or business."

*The Alien Property Custodian did not, and could not, seize the plaintiff's property and business in Antwerp, Hongkong, or in any place outside the territorial jurisdiction of the United States.*

The plaintiff as Gerant or managing owner of the Syndicat Oriente continued to conduct the Hongkong factory and the sale of cigars therefrom under the trade-marks "La Perla del Oriente," "El Cometa del Oriente," and "Imperio del Mundo," *with removal therefrom of any suggestion that the Hongkong business remained connected with the Philippine Islands cigar business.*

When the defendants subsequently attempted to sell the products of the Manila factory in the Hongkong markets under the trade-marks, which had been long registered in Hongkong, plaintiff brought a suit in equity against defendant in the Hongkong Court to restrain it from "passing off goods not the plaintiff's manufacture as and for the goods not of the plaintiff." *The defendant appeared, submitted to the jurisdiction and counterclaimed, "asking for an injunction and damages"* (R. 109). The trial of the case consumed ten days and was elaborately argued by counsel on both sides (R. 285-306). The Hongkong Court concluded in an able and exhaustive opinion that plaintiff was entitled to the relief prayed and to costs, judgment being entered accordingly (R. 6-9).

There has never been any contention that the judgment was the result of any fraud or other vitiating feature. *Although the defendant had the right to appeal from the judgment to the Privy Council it did not do so, and thereby acquiesced in the judgment.*

Plaintiff then brought this suit in the Court of First Instance in Manila to enforce payment of the costs (R. 2-4).

An amended answer was filed, denying the validity of the Hongkong judgment, *not because of want of jurisdiction or any fraud, but solely on the ground that the decision of the Hongkong Court as to plaintiff's right to continue the use of the trade-marks in Hongkong was erroneous.* The defendant also filed a counterclaim in the nature of a cross bill, which claimed *damages in the sum of P1,000,000 for plaintiff's misuse of the trade-marks in markets outside of the Philippine Islands* (R. 81-106). Issue was joined upon this claim and counterclaim and thus the ownership of the

trade-marks in question was put in issue, as well as the liability for costs. Plaintiff demurred to the amended answer (R. 130) and the Court of First Instance dismissed the counterclaim and entered judgment for the costs allowed by the Hongkong Court. (R. 258-330.)

Upon appeal to the Supreme Court of the Philippine Islands, the judgment of the Court of First Instance was affirmed as to the counterclaim but on a different ground and reversed as to the costs, two justices dissenting. The decision, in effect, sustained the defendant's title to the trade-marks in any part of the world. The majority and minority opinions are contained in the record, R. 362-394 and R. 395-419, respectively.

### **QUESTIONS PRESENTED AND PETITIONERS CONTENTIONS.**

The plaintiff submits the following as his contentions:

I. The allowance by the Hongkong Court of costs became a fixed liability, and plaintiff in this suit was entitled to enforce it, whether the judgment of the Hongkong Court on the merits of the case was sound or unsound.

II. Section 311 of the Philippine Code of Civil Procedure did not authorize the Philippine Courts to review the judgment of the Hongkong Court, either as to costs or on the merits of the case.

III. If said section is construed as conferring any power on the Philippine Courts to review the judgment of a foreign court in a case of this character, then said section is invalid, as it is inconsistent with the Act of August 29th, 1916 (39 Stat. 554) and the policy of comity in respect to the judgments of foreign courts, and heretofore recognized by the courts of the United States.

IV. Even if the Philippine Court was justified in reviewing the judgment of the Hongkong Court, the plaintiff was, nevertheless, entitled to enforce the Hongkong judgment for the following reasons:

(a) The Alien Property Custodian did not, and could not, transfer to the defendant any title to the trade-marks in question.

(b) Even if he had such power, his deed of sale only conveyed to the defendant the right to use said trade-marks in the Philippine Islands.

(c) The sale of the trade-marks only protected the defendant's product within the territorial jurisdiction of their register, namely, the Philippine Islands. They did not, and could not, confer an exclusive right in the markets of other territorial jurisdiction where the plaintiff's cigars had long been marketed under the same trade-marks.

(d) The enforcement of a trade-mark is for the protection of the consuming public, and in the nature of a police regulation, and each country has a right, within its own territorial jurisdiction, to determine what goods shall be marked under a given trade-mark, and the decision of any foreign court in respect to such use within its jurisdiction should be accepted by the courts of the United States.



**ARGUMENT.****JURISDICTION.**

Sections 7 and 8 of the act of February 13, 1925 (43 Stat. 940), authorize this Court to review by certiorari any judgment or decree of the Supreme Court of the Philippine Islands "wherein the Constitution, or any statute or treaty of the United States is involved, or wherein the value in controversy exceeds \$25,000."

The concluding clause of Section 7 is that "except as provided in this section, the judgments and decrees of the Supreme Court of the Philippine Islands shall not be subject to appellate review." It appears to be the intention of Section 7 to include within the cases, involving statutes of the United States regardless of amount, trade-mark cases arising in the Philippine Islands, which this Court was authorized by section 18 of the act of August 5, 1909 (36 Stat. 177), to review by certiorari regardless of the amount involved.

The majority of the court below concluded that defendant was the owner of the trade-marks and entitled to their use throughout the world as against plaintiff. In effect, defendant's assertion of title to the trade-marks was sustained. While the full value of the trade-marks is not clearly shown in the record, defendant alleged in its counter-claim that their value was \$500,000 in markets outside of the Philippine Islands (R. 254). In view of this admission of defendant, it is a reasonable conclusion that the value of the trade-marks, the title to which is in dispute, is thus far in excess of the statutory amount required to authorize review by certiorari. *Kenaday v. Edwards* (134 U. S. 117).

Even were this not so, the construction of three statutes is involved in the case, two being statutes passed by Congress and the other a statute of the Philippine Islands.

The *first* statute is Section 7 (c) of the Trading with the Enemy Act of October 6, 1917 (40 Stat. 411), as amended by the act of November 4, 1918 (40 Stat. 1020). We contend that it did not authorize the Alien Property Custodian or his representative, acting for the President, to sell trade-marks without having first seized them by filing an order of seizure in the Patent Office at Washington, D. C., as the "proper office" in which trade-marks used in interstate or foreign commerce of the United States and its possessions or by aliens in such commerce are required by the Trade-Mark Act of February 20, 1905 (33 Stat. 724), to be registered.

The *second* statute involved is the Organic Act for the Philippine Islands and the international comity of the United States. The plaintiff contends that Section 311 of the Philippine Code is in conflict with the Organic Act. The majority of the court below grounded their opinion on paragraph 2 of Section 311 of the Code, enacted by the Philippine Commission under its executive powers to make rules and regulations for the government of the Philippine Islands.

The *third* statute involved is this Section 311. While the other two statutes are sufficient to confer jurisdiction, yet, if necessary, the Court may hold that a statute of the Philippine Islands, enacted indirectly under the authority of Congress, is a "statute" within the meaning of the Act of February 13, 1925.

As this Court granted this certiorari, although its right to do so was challenged in defendant's brief in opposition, we assume that it has already determined this question of its jurisdiction, but if defendant further questions the power of this Court to review this case by certiorari, we will discuss the question of jurisdiction more at length in a reply brief.

**POINT I.**

THE COURT BELOW ERRED IN HOLDING THE PLAINTIFF WAS NOT ENTITLED TO JUDGMENT FOR THE COSTS AWARDED BY THE HONGKONG COURT IRRESPECTIVE OF THE QUESTION WHETHER THE HONGKONG COURT RIGHTLY OR WRONGLY DECIDED THE MERITS OF THE CASE.

The judgment of the Hongkong Court was that plaintiff was the sole proprietor *with respect to the British Colony of Hongkong* of the trade-marks in question; that the defendant, its servants and agents should be restrained from the use of the trade-marks *in said Colony of Hongkong*; that an account should be taken of the profits made by the defendant in the sale of cigars under the trade-marks; and that the plaintiff should recover his costs of action (which were taxed and allowed at \$26,244.23, Hongkong currency (R. 6-8)).

The discretionary power to allow costs in an equity proceeding was stated by this Court in *State of Pennsylvania v. Wheeling and Belmont Bridge Company* (18 How. 460), to be a "power possessed and constantly exercised by every court of equity."

The plaintiff's suit in the Court of First Instance in the Philippine Islands did not seek the enforcement of any part of the judgment of the Hongkong Court, except the payment of the costs (R. 2-4).

We contend that whether the decision of the Hongkong Court as to a matter within its territorial jurisdiction was right or wrong, plaintiff's right to the costs, taxed and allowed, became absolute upon the failure of defendant to appeal from said judgment.

A liability to pay costs is clearly separable from the decision on the merits, and this for the obvious reason that a Court of Equity may impose costs in its discretion. It may impose them on the losing party, or divide them or—when equity prompts—even impose them on the successful litigant. This matter was exclusively for the determination of the Hongkong Court. Even if the Philippine Court could retry the merits of the case, the determination of costs was conclusive and no foreign court could review such action.

The principle that a plaintiff is entitled to payment of the costs, taxed and allowed by a court, regardless of the final outcome of the merits of the subject matter in controversy is strikingly illustrated by *State of Pennsylvania v. Wheeling and Belmont Bridge Company*, *supra*. There the State of Pennsylvania sought and obtained a judgment and decree from this Court, requiring the Bridge Company to remove an obstruction to navigation in the Ohio River caused by the erection of bridges at Wheeling. The Court granted the decree as prayed (13 Howard, 518). Thereafter Congress enacted a law legalizing the bridge, but said bridge was later destroyed and the Bridge Company was preparing to rebuild same when the State of Pennsylvania sought an injunction to prevent its rebuilding. One of the justices of the Court granted a preliminary injunction in vacation. The Bridge Company disregarded same, and the State filed motions for attachment and sequestration of the property. The Bridge Company filed a motion to dissolve the injunction. The Court dissolved the injunction and denied the motions of the State but held that the "portion of the decree which directs the costs to be paid by the defendants [the Bridge Company] must be granted" (18 How.

421.) Subsequently a motion was made for leave to file a bill of review so far as respected the orders and decrees for costs, but this motion was also denied in an opinion dated May 12, 1856, (18 How. 460-463). In other words, the judgment of the Court on the merits of the controversy with respect to the bridge had wholly failed by reason of the subsequent act of Congress. Yet the judgment for costs was unaffected.

An unsuccessful party litigant should not be allowed to dispute the validity of a judgment for costs when same has become final through his failure to appeal or otherwise. The case, thus decided and acquiesced in, became the law between the parties and the liability of the losing party, who has had his day in Court, to pay the costs imposed upon the losing party becomes a fixed liability, independent of the right, *if any*, of the losing party to contest the merits of the controversy in another proceeding.

The fact that the costs in this case were taxed and allowed in the judgment of a foreign court does not change the principle.

In *Russell v. Smyth* (9 M. & W. 810), an action was brought against a defendant resident in England to recover costs, which had been imposed upon him in a suit in Scotland for a divorce. (The Scotland Courts are considered in England as foreign courts.) It appeared there, as is here stipulated (R. 144), that the Scotland Court had jurisdiction over the subject matter and that defendant had appeared and contested the action. The English Court allowed judgment for the costs, Baron Parke stating that "where the Court of a foreign country imposes a duty to pay a sum certain, there arises an obligation to pay it, which may be enforced in this country." See also *Woodward v. Hale*, (30 Fed.

Case No. 18005); *Davis v. Cohn*, (85 Mo. A. 530); *Pearson's Estate*, (6 Pa. Co. 298); *Giles & Halbert*, (12 N. Y. 32); *Brady v. New York*, (3 N. Y. Super, 569).

Also the fact that the Hongkong judgment was based in part on the construction of an American contract of sale, does not change the rule. *Godard v. Grey* (L. R. 6 Q. B. 139, 5 E. R. C. 726). The imposition of costs is an inherent right of a judicial tribunal and essential to its efficacy.

If the costs are an integral part of the judgment—as was assumed by the Court below—the question whether same may be impeached under paragraph 2 of Section 311 of the Code (assuming, *arguendo*, its validity), is considered *infra*, pp. 25-29.

An award of costs is to be treated as a debt: *Ex party Thayer* (11 R. I. 160).

If the Court should hold, in accordance with *State of Pennsylvania v. Bridge Company*, *supra*, that the award of costs made by the Hongkong Court is separable from the judgment on the merits, Section 311 of the Code, regardless of other reasons hereinafter advanced as to its inapplicability, does not apply and the judgment below should be reversed.

## II.

THE COURT BELOW ERRED IN HOLDING THAT THE TRADE-MARKS IN DISPUTE WERE EITHER SEIZED OR SOLD BY THE ALIEN PROPERTY CUSTODIAN TO DEFENDANT.

The certificate, under seal, of the Commissioner of Patents, hereto attached as Exhibit "A," (pp. 47-51), shows that neither the President nor the Alien Property Custodian or representatives of either filed a "requirement," or order of seizure in the United States Patent Office of the trade-marks La Perla del Oriente or El Cometa del Oriente, which were registered in the Patent Office. Exhibit "B," (pp. 52-53), shows that the third trade-mark in dispute, Imperio del Mundo, was never registered in the United States Patent Office.

These facts were not introduced in evidence in the courts below and the omission to do so is regretted by present counsel. However, the omission is not serious, for it is well established that this Court will take judicial notice of the public records of the Departments of the United States Government. *Ex parte Hitz*, (111 U. S. 766); *Coffee v. Groover*, (123 U. S. 1); *Jones v. United States* (137 U. S. 202); *Paquette Habana* (175 U. S. 677); *New York Indians v. United States* (170 U. S. 1); *Underhill v. Hernandez* (168 U. S. 250). The original certificates, (Exhibits "A" and "B"), have been filed by counsel with the clerk of this Court instead of awaiting a suggestion of the Court that such be done, as in *Ex parte Hitz, supra*.

The whole case is before the Court on *certiorari* and it may, and, we respectfully submit, should correct the effect of the judgment below as to the ownership



of the trade-marks, as well as correct the judgment below as to the costs.

The effect of the failure of the Alien Property Custodian, or his representative, to file a "requirement," or order of seizure of the trade-marks La Perla del Oriente and El Cometa del Oriente in the United States Patent Office is *that said Alien Property Custodian did not, and could not sell and convey same to defendant in the deed, or contract of sale dated January 25, 1919.* They remain the property of plaintiff. As the trade-mark Imperio del Mundo was not registered in the Patent Office, *same could not have been seized by the Alien Property Custodian* and it also remains the property of plaintiff. The fact that the physical property of plaintiff, or of the Syndicat Oriente, of which he was gerant in the Philippine Islands, was seized and sold to defendant did not *ipso facto* transfer to defendant the plaintiff's trade-marks.

The Trading with the Enemy Act of October 6, 1917, (40 Stat. 411), provided, in section 7 (c), that:

"If the President shall so require, any money or other property owing or belonging to or held for, by, on account of, or on behalf of, or for the benefit of an enemy or ally of enemy not holding a license granted by the President hereunder, \* \* \* shall be conveyed, transferred, assigned, delivered, or paid over to the Alien property custodian."

This section did not authorize the Alien Property Custodian to seize the title to trade-marks. See *Ammon v. Narragansetts Dairy Company* (C. C. A. 262 Fed. 880), to the effect that unless a statute, authorizing the forfeiture and sale of a business, specifically authorizes the seizure and sale of trade-marks, the sale of the

property does not include the trade-mark used on the product of the business.

Not only does Section 7 (c) not specifically include trade-marks, but other sections of the same statute contain an indisputable intendment that such marks should not be seized. Section 10 (a) provided that any enemy or ally of an enemy "may file and prosecute in the United States an application for letters patent, or for registration of trade-mark, print, label," etc. Section 10 (c) authorized the *license*—not seizure—by the President of any trade-mark or patent owned by an enemy or ally of an enemy and provided for a fee therefor to be held, in part, for the owner, and Section 10 (f) provided that the *owner* of any trade-mark may, after the end of the war and until the expiration of one year thereafter, "file a bill in equity against the licensee [of the President] in the district court of the United States for the district in which the said licensee resides, or, if a corporation, in which it has its principal place of business \* \* \* for recovery from the said licensee for all use and enjoyment of the said \* \* \* trade-mark," whereupon the court was authorized to "adjudge and decree to the said owner payment of a reasonable royalty."

*The unambiguous terms of the Trading with the Enemy Act of October 6, 1917, indubitably establish:* (1) *That neither the President nor the Alien Property Custodian was authorized to seize enemy owned trade-marks;* (2) *That the seizure of "money or other property" as provided in section 7 (c) of said act did not include the seizure of the trade-marks used in marketing the products of any seized business;* and (3) *That for purposes of the Trading with the Enemy Act of October 6, 1917, the seizure and sale of an enemy*

*owned business did not carry with it, as an incident nor as an appurtenance, the trade-marks used on the products of said business, as alleged by the defendant in the courts below. (R. 246-247).* In other words, for the purpose of the Trading with the Enemy Act trade-marks were placed on the same footing as patents and the intendment of said act is clear that transactions thereunder were not to be governed by the principle that the sale of a business carried with it the transfer of the trade-marks used thereon.

The reason for the rule is clear. Enemy owned factories, etc., in the United States or its possessions were branch establishments,—as the Philippine tobacco business of plaintiff was a branch of his Antwerp business,—and the seizure and sale of a part of a business was not the seizure and sale of the whole thereof. It is instructive to note that the war legislation of other countries, as shown by the references collected in the margin,<sup>1</sup> did not authorize the seizure of enemy owned trade-marks registered in such countries but only the suspension or avoiding of such registrations and the license of them for use during the war.

Such was the law until November 4, 1918, when by statute of that date, (40 Stat. 1020), section 7 (c) of the original Trading with the Enemy Act of October 6, 1917, *supra*, was amended to read as follows:

*“If the President shall so require any money or other property including (but not thereby limiting the generality of the above) patents, copyrights,*

<sup>1</sup> England, 415, Geo. 5, Chap. 27, Act August 7, 1914, Chap. 73, Act August 28, 1914; Austria, Ministerial Decree of October 31, 1917, Article 3, paragraph 3; Ministerial Decree of August 16, 1916, Article 1; Germany, Proclamation of Imperial Chancellor of October 10, 1915, Article 10, paragraph 3, Decree of July 1, 1915, Article 1. See also Section VIII of the Treaty of Versailles and St. Germain respecting trade-marks during the late World War.

applications therefor, and rights to apply for the same, trade-marks, choses in action, and rights and claims of every character and description owing or belonging to or held for, by, on account of, or on behalf of, or for the benefit of, an enemy or ally of enemy not holding a license granted by the President hereunder, which the President after investigation shall determine is so owing or so belongs or is so held, shall be conveyed, transferred, assigned, delivered, or paid over to the Alien Property Custodian, or the same may be seized by the Alien Property Custodian; and all property thus acquired shall be held, administered, and disposed of as elsewhere provided in this Act.

*Any requirement made pursuant to this Act, or a duly certified copy thereof, may be filed, registered, or recorded in any office for the filing, registering, or recording of conveyances, transfers, or assignments of any such property or rights as may be covered by such requirement (including the proper office for filing, registering, or recording conveyances, transfers, or assignments of patents, copyrights, trade-marks, or any rights therein or any other rights); and if so filed, registered, or recorded shall impart the same notice and have the same force and effect as a duly executed conveyance, transfer, or assignment to the Alien Property Custodian so filed, registered, or recorded.*" (Italics ours.)

This amendment did not make it mandatory that there be seized enemy owned trade-marks. It merely authorized their seizure and specifically provided the procedure as to the manner and method of effecting such seizures. It did not modify the theory of the original Trading with the Enemy Act that an enemy owned business could be seized and sold without seizing and selling the trade-marks used in marketing its products.

It will be noted that the amendment of November

4, 1918, provides that the "requirement," or order of seizure of trade-marks shall be filed in the "proper office" for the registration and recording of assignments of trade-marks and that if so filed, such an order of seizure shall have the same force and effect as a duly executed assignment of the trade-marks.

The question arises as to what was the "proper office" for the registering or recording of assignments of trade-marks and said question is answered by the Trade-Mark Act of February 20, 1905 (33 Stat. 724). Section 1 of said act provided for the registration in the United States Patent Office of trade-marks used by citizens or aliens in interstate or foreign commerce. Section 10 of the Trading with the Enemy Act specifically excepted from its terms the registration in the Patent Office by alien enemies of trade-marks, patents, and copyrights. Section 10 of the Trade-Mark Act required every assignment of trade-marks to be recorded in the United States Patent Office.

As one of the trade-marks in dispute, Imperio del Mundo, was never registered in the United States Patent Office and as no "requirement" or order of seizure was ever filed therein as to the other two trade-marks registered therein by plaintiff, *it necessarily follows that the disputed trade-marks were never seized in this case and that the Alien Property Custodian or his representative did not, and could not convey same to the defendant in the agreement of January 25, 1919.* Also, since the Trading with the Enemy Act of October 6, 1917, contemplated the seizure of enemy property and its sale without the trade-marks, if any were used on the products thereof, *the sale of the business did not convey the trade-marks used on the products of the business as an appurtenance thereto.*

It may be argued that the laws of the Philippine Legislature authorized the registering of trade-marks and assignments thereof in the Public Library in Manila, (Sections 1699, 1703, and 1704, Philippine Administrative Code, 1917.) The answer is that the record does not disclose that a "requirement," or order of seizure of the trade-marks was filed in said public library, but even if it had been so filed, such a filing and seizure does not conform to the express requirement of Section 7 (c) as amended, of the Trading with the Enemy Act. As stated, the Trade-Mark Act of 1905, provided that all registrations and assignments of trade-marks used in interstate and foreign commerce should be in the United States Patent Office. Furthermore, some of the states of the American Union, as shown by the references collected in the margin,<sup>2</sup> authorized state registrations of some trade-marks.

<sup>2</sup> Arizona, Section 357, Revised Statutes, 1913; Arkansas, Section 7960, Act April 20, 1895; California, Section 3197, Political Code, Amendment of March 21, 1911; Colorado, Section 3, Act April 10, 1899; Connecticut, Section 4899, General Statutes, 1902; Delaware, Section 3, Chapter 699, Vol. 19, Laws of Delaware; Florida, Section 4996, Code; Georgia, Section 1990, Code 1895; Idaho, Section 2316, Compiled Statutes, 1919; Illinois, par. 8, Sec. 3, Vol. 3, Starr & C. Statutes, 1896; Indiana, Section 8681, Burns Annotated Indiana Statutes, 1901; Iowa, Section 5049, Trade-Mark Laws; Kansas, Section 9670, Chapter 119, General Statutes, 1909, Sections 11654 and 11656, General Statutes, 1915; Kentucky, Sections 1409-7, 4656, 4749, Kentucky Statutes; Louisiana, Section 3, Act No. 49 of 1898; Maine, Section 22, Chap. 40, Revised Statutes, 1903; Maryland, Section 3, Act April 4, 1892; Massachusetts, Section 7, Chapter 72, Revised Laws; Michigan, Section 5, Article 15458, C. L. 1915; Minnesota, Section 8860, G. S. 1913; Missouri, Section 13263, Revised Statutes 1919; Montana, Section 2037, Political Code; Nebraska, Sections 3553, Compiled Statutes, 1901; Nevada, Section 1, Act of 1907; New Hampshire, Section 3 of an Act for Protection of Trade-Marks; New Jersey, Section 3, Chap. 50, Laws 1898; New Mexico, Section 1, Chap. 24, Laws 1905; New York, Chaps. 9, 25, Laws of 1909; North Carolina, Section 3973, Chap. 77, Consolidated Statutes; North Dakota, Section 2601, Revised Code, 1905; Ohio, Section 6240-1, 102 O. L. 513; Oklahoma, Section 11004, Chap. 89, O. R. L. 1921; Oregon, Section 5, Chap. 97, Laws 1911; Pennsylvania, Section 3, Act, April 24, 1905, No. 210; Rhode Island, Section 3, Chap. 196, General Laws, 1909; South Caro-

The statutes of many of the states authorized registration of trade-marks used by labor unions or on the products of union labor while some of the other states provided for more general registration. Some of the states did not provide for the registration of any trade-marks. State statutes as to the registration of trade-marks were extremely diverse and it is not reasonable to assume that Congress intended the term "proper office" in the Trading with the Enemy Act, as amended, to include the various offices of some of the states for the registration of trade-marks. Whenever Congress has intended to impose on other persons than Federal officers duties with respect to the administration of a Federal law, specific provision to that effect has been included in said Federal law. See, for example, the Fugitive Slave Act of September 18, 1850, (9 Stat. 462); Pink Bollworm Act of July 24, 1919, (41 Stat. 270), providing for "cooperation with the State of Texas or other States concerned," and, page 252, for building roads in cooperation "with States;" section 6 of the Selective Service Act of May 18, 1917, (40 Stat. 80, 81).

It is not reasonable to conclude that the term "proper office" in section 7(c) of the Trading with the Enemy Act, as amended, for the registration or recording of assignments of trade-marks includes, or was intended to include the various offices of the states and possessions of the United States authorized by local

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lina, Section 2, Act February 24, 1910; South Dakota, Section 10414, Chap. 348 Code, 1919; Tennessee, Section 4, Act January 31, 1905; Texas, Section 4, Chap. 81, General Laws, 1895; Utah, Section 2721, Title 83, Compiled Laws, 1907; Vermont, Section 5961, General Laws; Virginia, Section 2, Act April 30, 1903; Washington, Section 11539, Remington Code; West Virginia, Section 19, Acts 1901; Wisconsin, Section 13201, Ch. 127, Laws, 1909; Wyoming, Section 3439, Compiled Statutes, 1910. The remainder of the States had no laws for the registration of trade-marks of any kind whatever.

law to register and record trade-marks and to exclude seizures in such of the states as had no, or limited trade-mark registrations.

There is a further answer to any contention that the filing of a "requirement", or order of seizure under the Trading with the Enemy Act, as amended, could be in a Philippine Islands' office for the registration or recording of trade-marks. The Trade-Mark Act of 1905, extended to the Philippine Islands for section 17 of said Act, conferred jurisdiction on District Courts of the United States to hear and determine disputes arising out of the Trade-Mark Laws and Section 26 of the Philippine Tariff Act of August 5, 1909 (36 Stat. 180), conferred upon the courts of the Philippine Islands jurisdiction identical with the jurisdiction conferred upon courts of the United States by said Section 17 of the Trade-Mark Act of 1905.

The reasonable conclusion is that the Trade-Mark Act of 1905, extended to the Philippine Islands; that any local registration in the Islands of trade-marks was comparable to the diverse registration in some of the American states; that the filing of an order of seizure of trade-marks with such local offices of registration (if such were done in this case) was not a compliance with Section 7 (c), as amended, of the Trading with the Enemy Act; and that since the Alien Property Custodian or his representative, did not lawfully seize the trade-marks in dispute, he could not convey same to defendant.



## III.

THE COURT BELOW ERRED IN HOLDING THAT THE FINAL JUDGMENT OF THE HONGKONG COURT WAS NOT CONCLUSIVE BOTH AS TO THE MERITS OF THE CONTROVERSY AND THE INCIDENTAL QUESTION OF COSTS.

The majority opinion of the court below concluded that there was a clear mistake of law and fact in the judgment of the Hongkong Court and that Section 311 of the Code prevented it from giving effect to the judgment or even to the award of costs of the Hongkong Court, even though it was admitted in the pleadings and stipulation that the said Hongkong Court had jurisdiction of both the cause of action and the parties; that the parties appeared and were heard; and that there was no suggestion of fraud or other irregularity in the judgment. The minority opinion concluded that there was no clear mistake of law and fact in the Hongkong judgment; that Section 311 of the Code did not apply; and suggested that if the said section did apply, it was void as in conflict with the Organic Act and American international law and comity.

The majority opinion referred to Section 311 only, of the Code but it is necessary to consider the preceding Section 310 and the pleadings in the Court of First Instance, particularly the amended answer. Sections 310 and 311 of the Code (House Document No. 2, Vol. 11, 57th Congress, 1st Session, p. 478) are as follows:

*“Sec. 310. Effect of judicial record of a Court of Admiralty for a foreign country.—The effect of a judicial record of a Court of Admiralty of a foreign country is the same as if it were the rec-*

ord of a Court of admiralty within the Philippine Islands.

Sec. 311. *Effect of other foreign judgments.*—The effect of a judgment of any other tribunal of a foreign country, having jurisdiction to pronounce the judgment, is as follows:

1. *In case of a judgment against a specific thing, the judgment is conclusive upon the title to the thing;*

2. *In case of a judgment against a person, the judgment is presumptive evidence of a right as between the parties and their successors in interest by a subsequent title; but the judgment may be repelled by evidence of a want of jurisdiction, want of notice to the party, collusion, fraud, or clear mistake of law or fact.*" (Italics ours.)

Section 310 demonstrates that judgments in admiralty, which are ordinarily *in rem*, are not included in the foreign judgments as to the "title" to a "specific thing" made conclusive by paragraph 1, Section 311. In view of the use of the word "right" in paragraph 2 of said section with respect to judgments against persons, the question arises as to the meaning of "thing" as contrasted with the word "right" in the same section. A key to this meaning lies in the fact that one member of the Philippine Commission, which drafted Section 311, was a lawyer from California, a state once governed by the Civil, or Roman law, and having in Section 1915 of her Code of Civil Procedure a provision almost identical with said section 311. We are thus justified in searching the Civil law for the meaning of "thing" as used in the section with respect to the conclusiveness of foreign judgments.

The word "thing" (*res*) has, in Civil law, a sense as artificial and as wide as "person." As "person" in said law comprehends every being who has rights and

is subject to them, so "thing" comprehends all that can be considered as the object of a right. The object of a right may be incorporeal, or the pure creation of the law and need not be limited to things corporeal and visible. The law can separate a right to possess an object and the right to use it and the object of each right is called indifferently a "thing." The aspects in which we may view "things" are too various to admit of a simple classification but a frequent classification is into corporeal and incorporeal. Sandar's *Institute of Justinian*, 1st American Edition, 1876, pp. 33-34; Justinian's *Institute*, Lib. II, Title II, 1, 2, 3; Sherman, *Roman Law in the Modern World*, 2d Edition, Vol. II, pp. 139-147; Bouvier, *Law Dictionary*, 15th Ed., p. 727.

The "specific thing" mentioned in paragraph 1, Section 311 as contrasted with "right" in paragraph 2 of said section is not limited to things corporeal. A trade-mark is either a corporeal or incorporeal "specific thing," particularly as treated by the Trading with the Enemy Act of October 6, 1917, and its amendment of November 4, 1918. The Treasury Department considers a trade-mark a thing for the purpose of taxation and an investment in advertising a trade-mark is taxed as a capital investment independent of, and often in excess of the actual fiscal assets of many concerns. Treasury Department, Bureau of Internal Revenue Cumulative Bulletin No. 2, 1920, p. 292; Holmes, *Federal Taxes*, 6th ed., pp. 621, *et seq.* It would seem to be clear that a judgment concerning a dispute arising out of the Trading with the Enemy Act, as amended, as to trade-marks is a judgment against a "specific thing"—the object of rights, the trade-marks—and is conclusive on the court below under the specific terms of Section 311 of the Code.

The distinction, which Section 311 sought to make, was between suits involving personal obligations (as ordinary tort actions, damages for breach of contract, divorce proceedings, etc.), and suits which involve the "title" to property. As to the first class, the judgment was *presumptively* correct, and as to the second, *conclusively* correct. In this case the claim and counter-claim in the Hongkong Court created an issue as to the title to the trade-marks.

*The fact that the judgment of the Hongkong Court was against a specific thing was recognized by the defendant when it set up in its amended answer title to the trade-marks (R. 250) and attempted to reopen and retry the title thereto (R. 247).*

Furthermore, the Trade-Mark Act of 1905 recognized trade-marks as "specific things" by its provision for their registration and for the recording of their assignments. The Trading with the Enemy Act both before and after the amendment of November 4, 1918, continued and emphasized such recognition. We recognize that American and English decisions as to the nature of trade-marks, *where the matter is not controlled by statute*, are in conflict as to whether they are property or merely an incident to property or whether their improper use should be prevented out of regard to the owner or of the consuming public, as shown by the references collected in the margin.<sup>3</sup>

<sup>3</sup> This court said in *Hanover Milling Company v. Metcalf* (240 U. S. 403), that the primary function of a trade-mark is to identify the origin or ownership of the articles to which it is affixed and that the courts afforded redress upon the ground that a party has a valuable interest in the trade-marks adopted to maintain his business. It said in *Coca Cola Company v. Koke Company*, (254 U. S. 143), that "it would hardly be too much to say that the drink characterises the name as much as the name the drink." It was said in the *Trade-Mark Cases* (100 U.S.82) that a trade-mark is a property right and that the whole system of "trade-

We submit that whatever may be the correct conception, on general principles, of the nature of trade-marks and the basis of the protection that courts extend to them, the amended Trading with the Enemy Act placed them in the same class with tangible property of an alien enemy and specifically provided the method and manner of their sequestration. We also submit that the judgment of the Hongkong Court was against specific things—the trade-marks—and was conclusive on the court below, under the express terms of paragraph 1, Section 311 of the Code. The issue in the Hongkong case was the property right in a “thing” to wit, certain trade-marks and the plaintiff was adjudged to be the owner of the “title.” Hence the case falls clearly within Section 1 of paragraph 311, as a case in which the judgment of a foreign court is “conclusive” (R. 66-67).

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mark property” existed anterior to a Federal Trade-Mark Act. It was said in *International News Service v. Associated Press*, (248 U. S. 215), that a court of equity “treats any civil right of a pecuniary nature as a property right” and Lord Justice Sargent said in *Harrods Limited v. E. Harrods Limited*, (41 Rep. Pat. Cas. 74), that under the word ‘property’ may well be included the trade reputation of the plaintiff.” Chaffee said in 34 Harvard Law Review, 388, 407-8, that “Equity has long safeguarded such state-recognized mental property as patents, copyrights and trade-marks.”

## IV.

EVEN IF THE COURT BELOW RIGHTLY INTERPRETED SECTION 311, IT ERRED IN HOLDING THAT THE JUDGMENT OF THE HONGKONG COURT WAS A "CLEAR MISTAKE OF LAW OR FACT."

Assuming, *arguendo*, that the Alien Property Custodian had seized and sold to defendant the three trademarks in dispute and that they did not constitute specific "things" within the meaning of paragraph 1, Section 311 of the Code, it does not follow that the judgment of the Hongkong Court as to the title to the trademarks in the Hongkong markets and under the Hongkong registration was a "clear mistake of law and fact." It would seem, as pointed out in the minority opinion (R. 417), that the fact that "a trial Judge of long experience and two members of this [Philippine Supreme] Court," concurred with the Hongkong Court in itself justifies the conclusion that there was no "clear mistake" of either law or fact in the Hongkong judgment.

The Trading with the Enemy Act was a harsh statute and it was harshly exercised in this case to seize and sell the business of a citizen of an *allied* country—a business he had spent more than fifty years in developing. Such a statute contains many elements of a forfeiture statute and should have a strict construction. *But however construed, it could not and did not confer extraterritorial power on the Alien Property Custodian to seize either the home office in Antwerp or the other branch business in Hongkong or the foreign registrations of the trade-marks of plaintiff.*

While arising under a different statute, the *Chart-*

*reuse cases—Baglin v. Cusenier Company* (221 U. S. 580); *Rey v. Leconturier* (1910 A. C. 362),—would seem to be conclusive on this point. In these cases, as well as in the instant case, there were certain assets which neither the French liquidator nor the Alien Property Custodian could seize and sell, as, for example, the reputation acquired by the products *in foreign countries and represented by trade-marks registered in said countries.*

As has been shown in Point II of this brief (*ante*, pp. 16-24), the Alien Property Custodian did not seize in accordance with Section 7 (c) of the Trading with the Enemy Act as amended by the act of November 4, 1918, the trade-marks registered in accordance with the Trade-mark Act of 1905, *and he certainly could not seize the trade-marks registered in foreign countries, including Belgium and the British Colony of Hongkong* (R. 70-71).

A trade-mark is in the nature of a police regulation and is primarily and principally intended to prevent any fraud upon the public. It is for each nation to determine within its own territorial jurisdiction what force should be given to a trade-mark to prevent such fraud. The Hongkong Court, recognizing that the products of the Hongkong factory had been sold for many years by the petitioner under these trade-marks, refused to permit the public of the British Colony of Hongkong to buy *defendant's* cigars in the belief that they were *plaintiff's*.

The conclusion of the court below that defendant owned the trade-marks and was entitled to their use in foreign markets, because of the seizure of the physical property of a branch office in Manila, cannot be justified by the decisions of this or any court.

*In fact, the contract, or deed of sale did not purport to convey any rights to plaintiff's business outside of the Philippine Islands, the language being "wheresoever situate in the Philippine Islands" of a company "heretofore doing business in the Philippine Islands" (R. 24) and "except the account owing by the Orient Tobacco Manufactory of Hongkong" (R. 38). As stated in the minority opinion (R. 415):*

*"The intent of the parties to the conveyance is made clear by the language of the instrument. The limited operation of the conveyance is clearly expressed by its language. The phraseology of the deed was used advisedly, since the Alien Property Custodian had no desire to do what it would be futile to attempt—to convey property outside the Philippine Islands and the United States. There is in the instrument an entire absence of reference to trade-marks in foreign countries." (Italics ours.)*

The defendant, in its amended answer, alleged that it became the owner of the trade-marks as an incident or as an appurtenance to the going business (R. 246-247). The majority of the Court below sustained this contention (R. 377). We think it clear, however, that this is error. We concede that ordinarily, *where a business is located in one place*, its sale as a going concern generally includes any good will and trade-marks used on the products of the business in such locality. But a different question is presented when a business has branches in many countries and only one branch is or can be seized.

When Germany, during the war, seized branches of business concerns, whose principal office was in other



countries, did its sale thereof give exclusive use of trade-marks in all foreign nations? If so, how could American world-wide concerns, like the Standard Oil Companies, continue in business, if their German branch was seized and trade-marks used all over the world thereby ceased to be the property of the American concern?

The sale in this case was not a voluntary sale of the Philippine branch business, comparable with the voluntary sale of the American branch business of the French firm, considered in *Bourjois & Company v. Katzel* (260 U. S. 689). *The sale was entirely involuntary as to plaintiff.* His Philippine property was seized under the sovereign power of the United States, but inadvertently or otherwise the Alien Property Custodian failed to seize the Trade-marks by filing a requisition, or order of seizure in the United States Patent Office, as he did in *Hunyadi Janos Corporation v. Stoeger* (5 Fed. 2d, 506), and in the *Chemical Foundation case*, which has been argued and submitted to this Court but not decided at the time this brief is being written. It follows that he acquired no right to the trade-marks and that he could not and did not convey same to defendant *and in any event the sale of the trade-marks had no force in other nations.*

The Trading with the Enemy Act did not originally provide for the seizure of trade-marks. *It was not until after the amendment of November 4, 1918, that enemy owned trade-marks could be seized and such seizure was not mandatory.* *Seizure of the Manila physical plant was not a seizure of the trade-marks, for section 7 (c) of the Trading with the Enemy Act, as amended, required the seizure of the trade-marks to be effected by filing the notice of seizure in the Patent Office.*

The necessary result of these provisions is that for the purpose of the Trading with the Enemy Act, a going concern could be seized and sold, with or without the trade-marks used on its products, and that seizure of the physical plant of a branch business did not constitute seizure of the trade-marks of the entire business, containing the main offices and other branches in foreign countries.

The home office of the Philippine business was in Antwerp, Belgium. *The Alien Property Custodian could not seize said office or whatever foreign registrations of trade-marks were appurtenant to that office.* Even if he seized and sold the title to the trade-marks, in so far as Philippine and American rights were concerned, such a sale did not operate to divest plaintiff's title to, and use of the trade-marks in Hongkong, Belgium and other foreign countries.

The right to a trade-mark may exist in one person or company in one country and in a different person or company in another country and the owner in one country can not invade the markets of the other person in another country where his trade-marks are registered: *Bourjois & Company v. Katzel, supra.*

Particularly is this true with respect to the product of a business seized under the Trading with the Enemy Act. The alien enemy's business in the United States was generally a branch of his home business. The purpose of the law was to seize these branch factories, etc., and to conserve them for return to their rightful owners or to sell them to persons not enemies, permitting the marketing of the product until November 4, 1918, under licenses of such of the trade-marks as had been registered in the Patent Office and thereafter under

ownership of such of the trade-marks as it was deemed expedient to seize and sell.<sup>4</sup>

As a matter of fact, the judgment of the Hongkong Court is in consonance with the judgments of American Courts arising out of the Trading with the Enemy Act.

In *Koppel Industrial Car & Equipment Company v. Orenstein & Koppel Aktiengesellschaft, et al.*, (289 Fed. 446, 452, C. C. A. 2d Circuit), the Alien Property Custodian had seized the *American branch* of an alien owned business, apparently including its American trade-mark rights, and had sold same to the plaintiff. After the war the main office in Germany attempted to regain its *American* customers by pretending to represent itself as continuing the business sold. The Circuit Court of Appeals, citing the decision of this Court in the *Bourjois case*, reversed the District Court in refusing to grant an injunction and held that it constituted unfair competition for the German company to use said trade-marks *in the American markets*. But the right of the German company to use said trade-marks in other countries—particularly Germany—

<sup>4</sup> If, as has been stated, a "trade-mark has value because it means something, because it indicates to the purchaser that certain goods have a certain commercial origin, and if the fact of their having this origin makes them desirable and more readily accepted by the public than goods having a different origin," the procedure of permitting the palming off on the public of goods purporting to be manufactured by the people who developed the business and even the good will, when in reality such people had nothing to do with the manufacture of the goods, constitutes a fraud on the public. Cigar making is an art. The consuming public in foreign countries have a right to be protected against the sale to them of cigars manufactured by the defendant under trade-marks which they had learned through more than thirty-five years to associate with plaintiff's cigars and clearly the judgments of the local courts of such foreign countries as to the protection of their people against the palming off of products as the products of an established concern, with which the people are familiar, should be considered as conclusive on the courts of other countries.

was unchallenged. A temporary injunction was granted and later made permanent.

In the case of *Hunyadi Janos Corporation v. Stoeger, supra*, the purchaser of the *American* branch of the business and the American rights to the trade-marks which had been seized under the Trading with the Enemy Act, secured an injunction against the invasion of the *American* markets of said American branch by the former owner thereof and the owner of the main business in Hungary.

The case at bar is an even stronger case than the *Bourjois, Koppel and Hunyadi cases*, for the reason that it is an attempt of the purchaser of a branch factory to use the trade-marks, etc., in competition with the main business, or another branch thereof, in the foreign territory of the former owner. In other words, if the owner of the main business cannot invade the markets of his former branch business, using common trade-marks, it follows, *a fortiori*, that a branch business can not invade the markets of the main business or branches thereof in foreign countries of the former owner using common trade-marks.

To recapitulate, the Alien Property Custodian neither seized nor purported to sell and could not sell the right of plaintiff to use his trade-marks in the *Hongkong markets*; the right of such use is governed by the law of Hongkong as interpreted and applied in the judgment of the Hongkong Court; the judgment of the Hongkong Court was not erroneous and the failure of the Philippine Court to give it full credit was a violation of the comity of nations, to which great policy our nation is peculiarly committed.

## V.

THE COURT BELOW ERRED IN NOT HOLDING THAT PARAGRAPH 2, SECTION 311 OF THE CODE, AS CONSTRUED BY IT, WAS VOID BECAUSE IN CONFLICT WITH THE ORGANIC ACT AND THE INTERNATIONAL COMITY OF THE UNITED STATES.

Through deference to the oft-repeated desire of the Court to avoid holding a statute nugatory when otherwise possible to determine the conflicting private rights of litigants, we have postponed to this point our contention that paragraph 2, Section 311 of the Code, as construed by the court below, is in excess of the powers conferred on the Philippine Commission; that the Congress has never ratified said paragraph; that it is in conflict with the Organic Act; and that it is contrary to the international law and comity of the United States.

This Court exhaustively considered the matter of impeachment of foreign judgments in *Hilton v. Guyot*, (159 U. S. 95), and in *Ritchie v. McMullen*, *id.* 230, and said in the latter case with respect to an attempt to impeach a Canadian judgment:

“By the law of England, prevailing in Canada, a judgment rendered by an American court under like circumstances would be allowed full and conclusive effect. *Scott v. Pilkington*, 2 Best & S 11; *Abouloff v. Oppenheimer*, L. R. 10 Q. B. Div. 295, 307; *Vadala v. Lawes*, L. R. 25 Q. B. Div. 310, 316; *Nouvion v. Freeman*, L. R. 15 App. Cas. 1, 10; *Fowler v. Vail*, 27 U. C. C. P. 417, 4 Ont. App. Rep. 267.

The defences set up in the answer to this Canadian judgment reduce themselves to an attempt,

without any sufficient allegation of want of jurisdiction of the cause or of the defendant, or of fraud in procuring that judgment, or of any other special ground for not allowing the judgment full effect, but upon general allegations setting up the same matters of defense which were pleaded and might have been tried in the foreign court, to reopen and try anew the whole merits of the original claim in an action upon the judgment. This for the reasons stated in *Hilton v. Guyot*, ante, 95, cannot be allowed.

Upon principle, therefore, as well as upon authority, comity requires that the judgment sued on should be held conclusive of the matter adjudged."

The principle was pointedly expressed by Lord Ellenborough in *Tarleton v. Tarleton* (4 M. & S. 20), as follows:

"I thought I did not sit at *nisi prius* to try a writ of error in this case upon the proceedings abroad."

Cockburn, C. J., said in *Dent v. Smith* (L. R. 4 Q. B. 414), wherein it was alleged that the foreign Court erred:

"We do not sit here as a Court of Appeal against any judgment pronounced by a court which must be taken to be one of competent jurisdiction in the administration of Russian law. The proper tribunal to appeal to, if there was any ground of appeal, was to the Court of St. Petersburg."

See also *Milne v. Van Buskirk* (9 Iowa, 558); *Messina v. Petrococcchino* (L. R. 4 P. C. 144); *Pemberton v. Hughes* (1 Ch. 781), *Henderson v. Henderson* (3 Hare, 100); Piggott on Foreign Judgments, 337-419.

The following statement of Lord Campbell in *Bank of Australasia v. Nias* (20 L. J.: Q. B. 284) where an

attempt was made to impeach a judgment of a Colonial Court is especially pertinent because of the attempt of the court below to impeach such a Colonial judgment. He said:

“We are bound to take judicial notice that by the law and constitution of this empire, there is an appeal [from this judgment of the Colonial Court] to Her Majesty, who would refer the appeal to the judicial committee of Her Privy Council. \* \* \* A regular mode having been provided by which an erroneous judgment of a Colonial Court may be examined and reversed, that mode ought to be pursued.”

In fact, the court below conceded that it would have been required to give effect to the Hongkong judgment, had it not been for section 311 of the Code, which it construed to authorize impeachment of the judgment. (R. 378-383.) Assuming, *arguendo*, that the Section, rightly interpreted, gave the lower Court such power, is such Section valid under the Organic Law of the Philippine Islands?

Soon after the acquisition of the Philippine Islands and before their pacification—military governments being abhorrent to our traditions of liberty—the late President McKinley sent a Board of Commissioners, headed by the present Chief Justice of this Court, to the said Islands, under a letter of instructions dated April 7, 1900, to establish a measure of civil government for the inhabitants of the Philippine Islands. (See House Document No. 2, Vol. II, 57th Congress, 1st Session, pp. 5-10, for a printed copy of the letter of instructions.) There is nothing in President McKinley's letter of instructions which suggested that he deemed it necessary, in order to extend civil govern-

ment to the inhabitants of the Philippine Islands, to give the courts thereof power to disregard foreign judgments because of allegations of mistake of law or fact therein.

*Indeed it would be surprising to find in said instructions any suggestion that the courts of the Philippine Islands should have greater power in this respect than had either the Federal courts or state courts. Such power would subject not only judgments of the Philippine Courts but the judgments of this Court to the retaliatory action of the courts of foreign countries, whose judgments were disregarded by the Philippine Courts.*

In view of the close commercial and other relations of the British Empire and the United States, this would indeed be serious, should the courts of the British Empire subject the decisions of American courts to retaliatory action (R. 418-419).

The Board of Commissioners promulgated, among other things, Act No. 190, to take effect on September 1, 1901, and designated as a Code of Civil Procedure for the Philippine Islands. In the meantime, Congress had provided in the Spooner Amendment of March 2, 1901 (31 Stat. 910), that: "All military, civil and judicial powers *necessary* to govern the Philippine Islands," until otherwise provided should "be vested in such persons and \* \* \* exercised in such manner as the President of the United States shall direct" (Italics ours).

It was not *necessary* for the President, or such persons as he should appoint to govern the Philippine Islands, that the courts thereof should possess and exercise the power of impeaching a foreign judgment solely because of an alleged mistake of law or fact—a jurisdiction and power, it is repeated, at no time



possessed and exercised by the courts of the United States, as is shown by *Hilton v. Guyot*, and *Ritchie v. McMullen*, *supra*. Such judicial jurisdiction and power had not been found "necessary" to govern the people of the United States during more than a century, our jurisprudence having proceeded on the assumption that it was conducive to the interests of both the nation and individuals that there should be an end of controversy and that American courts should not sit in appellate review over the judgments of foreign courts, unless impeached for lack of jurisdiction or fraud.

The act of July 1, 1902 (32 Stat. 691), confirmed the creation of the Board of Commissioners for the Philippine Islands and its duties as stated in President McKinley's letter of April 7, 1900. It also ratified the act of said Commission in creating by a regulation, or act of September 6, 1901, departments of the interior, commerce, police, finance, justice, and public instruction.

*It did not ratify the Code of Civil Procedure, which had also been promulgated by said Commission.*

The maxim, *expressio unis est exclusio alterius*, may be given effect here, particularly when approval of paragraph 2, section 311 of the Code would mean departure from the elementary rule of American courts not to allow impeachment of foreign judgments of an inferior court on a mere allegation of mistake of law or fact therein, a mistake which could have been corrected by the appellate courts of that foreign country.

Neither the act of July 1, 1902 (32 Stat. 691), nor the Organic Act of August 29, 1916, went further than to provide, generally, that the courts of the Philippine Islands should possess and exercise jurisdiction as

theretofore provided. There is nothing in either of said acts nor in any other act applicable to the Philippine Islands, which could be construed as an express ratification of paragraph 2, section 311 of the Code, similar to the express ratification contained in the act of July 1, 1902, of the Philippine Commission Act of September 6, 1901.

We submit that paragraph 2, section 311 of the Code was void *ab initio*, because in excess of the powers conferred on the President and by him transmitted to the Commission and afterwards confirmed by the Congress and that it never become valid *ex post facto* by any reenactment or express approval of the Congress (R. 67-68).

As stated in the dissenting opinion (R. 418-419), this disregard of a foreign judgment of integral parts of the British Empire, in such close proximity as are the ports of Manila and Hongkong, because of an alleged mistake of law and fact is of serious importance. Our courts have heretofore made no distinction between the judgments of the courts of England and the judgments of the other courts of the British Empire, and if this international comity should be overthrown by the courts of the Philippine Islands, it may be that the English courts, in retaliation, will make no distinction between the judgments of the courts of the United States and its possessions.

We think recent events in the Philippine Islands and the seeming trend of their local government demonstrate that it would be unwise for its courts to possess jurisdiction and power, not possessed by courts of the United States, to reopen and retry the merits of issues determined by a final foreign judgment of the English courts, whose learning and integrity have long been the model and inspiration of the civilized world.

### CONCLUSION.

We cannot conclude this brief without some reference to the undisputed and extraordinary facts of this case, which should, and we confidently believe will, dispose this Court to resolve doubts, if there be any, in favor of the plaintiff, who unquestionably has been in this matter the victim of an act of gross and inexcusable injustice.

The plaintiff was not a German or in any sense an enemy of the United States during the Great War. He was and had been for many years a citizen of Belgium and, as such, was a citizen of a nation, which was an ally of the United States.

The purpose of the Trading with the Enemy Act was to seize the property of the *enemies* of this country and, even as to them, the purpose of the seizure was merely to sequester such property during the war and as a war measure. The property seized was to be held by the United States in trust, *even for our enemies*, and to be returned to them upon the termination of hostilities.

Upon what theory, then, could the property of a citizen of a *friendly* nation be seized? The only justification, legal or moral, was when the friendly alien was temporarily subject, by the fortunes of war, to the domination of the German military authorities through military occupation. Under these circumstances, property, belonging to Belgian and French citizens, who were unhappily residents of occupied territory, could be seized. It is needless to add that, in respect to such unfortunate victims, the purpose of the United States was not a hostile one, but purely friendly, and, in respect to such, the trust relation of the United States was one of peculiar sanctity.

The United States peculiarly owed it to a friendly nation and to one of its citizens to hold the property intact, until such time as it could be safely restored to its rightful owner, especially as it was not property of a perishable character.

In this case the amazing fact is disclosed by the record that, *after the Armistice and after the evacuation of Belgium by the German Army*, and, therefore, without any possible justification, the United States, through the misguided zeal, to express it charitably, of some of its representatives in the Philippine Islands, sold this property. Fortunately for plaintiff, they had overreached themselves with respect to the trade-marks by failing to observe the terms of the very statute, under which they acted.

“Worse remains behind.”

The harshness of this action in selling the property at a forced sale after the Armistice is intensified by the fact that Ingenohl was in Belgium, many thousands of miles away, and could not protect his interests. The record fails to disclose that any notice whatever was given to him of the intended sale. He awoke one morning in Antwerp to find that a factory, to which he had given nearly fifty years of industrious work, had been sold by the representatives of the United States, a country with which his country was not at war. The common experience justifies the conclusion that a sale, thus hastily had, could have resulted only in a great sacrifice of the true value of the property.

The whole proceeding in respect to this citizen of a friendly nation was *in invitum*.

It is now contended by defendant that this unwarrantable sacrifice of the physical property of a friendly alien, not only carried with it his exclusion to sell under his trade-marks in the Philippine Islands,

but also his inability to utilize the trade-marks, whose value he had developed many years before the war, in pre-existing markets outside the territorial jurisdiction of the United States, and to accomplish this end, which certainly has no justification in morals, a majority of the Supreme Court of the Philippine Islands has disregarded a decision of a court of a friendly nation, which in respect to its territorial jurisdiction has ruled that these trade-marks, long since registered in Hongkong, may be rightfully used in that territorial jurisdiction by the man, whose industry and skill made those trade-marks valuable.

*The whole proceeding savors of the ancient spoliation of "Naboth's Vineyard."*

Indeed, the question concerns rights that are even broader than those of the plaintiff. One of the main purposes of trade-mark law is the protection of the public. It had its origin and its justification in the belief that it is the duty of the state to protect its citizens from imposition. As such it is essentially a police regulation and within the police powers of the government of the territorial jurisdiction.

Here a case is presented of a manufacturer, whose skill and industry for half a century have given a peculiar reputation to his products. In Hongkong and throughout the Far East, the public have for many years bought Ingenohl's cigars under certain trade-marks because of its confidence in the quality of such cigars. Whether Belgium, Hongkong, or any other foreign nation, shall protect its citizens from buying cigars under certain trade-marks, which they believe to be the Ingenohl cigar but which, in fact, are manufactured by new manufacturers (who may conceivably have little of Ingenohl's skill and commercial integrity) is a question of fair dealing and police regulation,

which each nation should decide for itself. The Hongkong Court has held that in its territorial jurisdiction the interests of consumers require that they should not be imposed upon by a cigar, which they have long bought under a given trade-mark as the product of Ingenohl, when, in fact, it is no longer manufactured by Ingenohl.

For all these reasons, we respectfully submit that this Court can and should do an act of tardy justice by holding:

1—That the Alien Property Custodian did not and could not sell these trade-marks.

2—That even if he had any such power, the sale was restricted to the use of the trade-marks in the territorial jurisdiction of the United States and its possessions, and

3—In any event, it should hold that, as the defendant had his day in court in the Hongkong tribunal, its decision, acquiesced in by the defendant through its failure to appeal, became the law between the parties as to the right to use the trade-marks outside of the Philippine Islands.

4—Even if this Court is unable to sustain any of these three contentions, it should hold that, without respect to the question of the true ownership of the trade-marks, the plaintiff was entitled to recover his costs which had been adjudged him by a court of competent jurisdiction and the right to which is wholly independent of the question whether the decision of the Hongkong Court, as to the ownership of the trade-marks, was sound or unsound.

Respectfully submitted,

JAMES M. BECK,  
O. R. McGUIRE,  
*Counsel for Petitioner.*

## EXHIBIT "A."

## DEPARTMENT OF COMMERCE.

## UNITED STATES PATENT OFFICE.

*To all persons to whom these presents shall come,  
Greeting:*

This is to certify that careful search has been made of the Digest of this Office and no Assignment, Agreement, License, Power of Attorney, or other instrument of writing, or requisition, or order of seizure by the President of the United States or the Alien Property Custodian of the United States, or either of their representatives, is found of record in this Office up to and including July 22, 1926, that may affect Trade-Marks registered by

C. Ingenohl, Antwerp, Belgium, and Manila, Philippine Islands.

Trade-Mark No. 86,533; Registered May 14, 1912.

Trade-Mark No. 86,534; Registered May 14, 1912.

Trade-Mark No. 86,535; Registered May 14, 1912.

In testimony whereof, I have hereunto set my hand and caused the seal of the Patent Office to be affixed, at the City of Washington, this fifth day of August, in the year of our Lord one thousand nine hundred and twenty-six and of the Independence of the United States of America the one hundred and fifty-first.

(Seal) (Signed) WM. A. KINNAN,  
Acting Commissioner of Patents.

## UNITED STATES PATENT OFFICE.

C. Ingenohl, of Antwerp, Belgium, and Manila, Philippine Islands.

Trade-Mark for Cigars and Cigarettes.

86,533.

Registered May 14, 1912.

Application filed January 25, 1911. Serial No. 54,090.

## STATEMENT.

*To all whom it may concern:*

Be it known that I, Carl Ingenohl, a subject of the King of Belgium, residing at Antwerp, Belgium, and doing business at No. 40 Rempart Kipdorp Street, Antwerp, Belgium, and also conducting business under the trade-name of El Oriente Fabrica De Tabacos at No. 124 San Pedro Street, Manila, Philippine Islands, have adopted for my use the trade-mark shown in the accompanying drawing.

(CUT OF TRADE-MARK)  
El Com<sup>o</sup>a Del Oriente.

The trade-mark has been continuously used in my business since 1909.

The class of merchandise to which the trade-mark is appropriated is Class No. 17, Tobacco products, and the particular description of goods comprised in said class upon which said trade-mark is used is: cigars and cigarettes.

The trade-mark is usually affixed to the packages and boxes containing the goods by affixing a label thereto having a representation of said trade-mark.

C. INGENOHL.



## DECLARATION.

City of Antwerp, Kingdom of Belgium, ss.:

Carl Ingenohl, being duly sworn, deposes and says: that he is the applicant named in the foregoing statement; that he believes the foregoing statement is true; that he believes himself to be the owner of the trade-mark sought to be registered; that no other person, firm, corporation or association, to the best of his knowledge, information and belief, has the right to use the said trade-mark, either in the identical form or in any such near resemblance thereto as might be calculated to deceive; that said trade-mark has been registered in the Kingdom of Belgium on the 17th day of August, in the year 1900, No. 1214, and that the drawing and description presented truly represent the trade-mark sought to be registered; and that the specimens show the trade-mark as actually used upon the goods.

C. INGENOHL.

Subscribed and sworn to before me, this 21 day of November, 1911.

(L. S.)

HENRY W. DIEDERICH,  
*United States Consul-General.*

---

Copies of this trade-mark may be obtained for five cents each, by addressing the "Commissioner of Patents, Washington, D. C."

## UNITED STATES PATENT OFFICE.

C. Ingenohl, of Antwerp, Belgium, and Manila, Philippine Islands.

Trade-Mark for Cigars and Cigarettes.

86,535.

Registered May 14, 1912.

Application filed January 25, 1911. Serial No. 54,093.

## STATEMENT.

*To all whom it may concern:*

Be it known that I, Carl Ingenohl, a subject of the King of Belgium, residing at Antwerp, Belgium, and doing business at No. 40 Rempart Kipdorp Street, Antwerp, Belgium, and also conducting business under the trade-name of El Oriente Fabrica De Tabacos at No. 124 San Pedro Street, Manila, Philippine Islands, have adopted for my use the trade-mark shown in the accompanying drawing.

(CUT OF TRADE-MARK)  
(La Perle & Del Oriente)

The trade-mark has been continuously used in my business since 1909.

The class of merchandise to which the trade-mark is appropriated is Class No. 17, Tobacco products, and the particular description of goods comprised in said class upon which said trade-mark is used is: cigars and cigarettes.

The trade-mark is usually affixed to the packages and boxes containing the goods by affixing a label thereto having thereon a representation of said trade-mark.

C. INGENOHL.

## DECLARATION.

City of Antwerp, Kingdom of Belgium, ss.:

Carl Ingenohl, being duly sworn, deposes and says: that he is the applicant named in the foregoing statement; that he believes the foregoing statement is true; that he believes himself to be the owner of the trade-mark sought to be registered; that no other person, firm, corporation or association, to the best of his knowledge, information and belief, has the right to use the said trade-mark, either in the identical form or in any such near resemblance thereto as might be calculated to deceive; that said trade-mark has been registered in the Kingdom of Belgium on the 17th day of August, in the year 1900, No. 1210, and that the drawing and description presented truly represent the trade-mark sought to be registered; and that the specimens show the trade-mark as actually used upon the goods.

C. INGENOHL.

Subscribed and sworn to before me, this 21 day of November, 1911.

(L. S.)

HENRY W. DIEDERICH,  
*United States Consul-General.*

---

Copies of this trade-mark may be obtained for five cents each, by addressing the "Commissioner of Patents, Washington, D. C."

## EXHIBIT "B."

## DEPARTMENT OF COMMERCE

## United States Patent Office

*To all persons to whom these present shall come,  
Greeting:*

This is to certify that the annexed is a true copy from the records of this office of the File Wrapper, in the matter of the Abandoned Application for the Registration of a Trade-Mark of Carl Ingenohl, filed January 25, 1911, Serial Number 54,092, for Cigars and Cigarettes, Imperio del Mundo. This application has never been registered.

In Testimony Whereof I have hereunto set my hand and caused the seal of the Patent Office to be affixed, at the City of Washington, this ninth day of September, in the year of our Lord, one thousand nine hundred and twenty-six and of the Independence of the United States of America the one hundred and fifty-first.

THOMAS E. ROBERTSON,  
*Commissioner of Patents.*

(Seal)

Attest:

D. E. WILSON,  
*Chief of Division.*

1907

T. M. Serial No. (Series of 1905) 54,092.

Div. ———

(Ex'r's Book) 1257.

Trade-Mark No. ———

Act of February 20, 1905.

Name, Carl Ingenohl, of Antwerp and Manila, Country Belgium, and Philippine Islands. For Cigars and Cigarettes.

**Parts of Application Filed :**

Petition, January 25, 1911.  
 Declaration, January 25, 1911.  
 Statement, January 25, 1911.  
 Specimens, January 25, 1911.  
 Drawing, January 25, 1911.  
 Fee Cost \$10. January 25, 1911.  
 Appl. filed complete, Jan. 25, 1911.  
 Representative, Wise and Lichtenstein, 40 Exchange  
 Place, New York, N. Y.  
 Attorney, Wise and Lichtenstein, 40 Exchange  
 Place, New York City, N. Y.  
 T. M. Serial No. 54,092.

**CLASSIFICATION.**

1907

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2. Letter, April 13, 1911.
3. Rej. May 9, 1911.
4. Sub. Dec. Dec. 4, 1911.
5. Rej. Jan. 11, 1912.
6. Letter Feb. 7, 1912.
7. Rej. March 7, 1912.

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IN THE  
SUPREME COURT OF THE UNITED STATES  
OCTOBER TERM, 1926.

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**No. 174.**

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CARL INGENOHL, PETITIONER,

*vs.*

WALTER E. OLSEN & COMPANY, INC.,  
RESPONDENT.

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**REPLY BRIEF FOR PETITIONER.**

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**Errors in Respondent's Statement of Facts.**

**I.**

**Defendant Did Not Secure Title in the Contract of Sale to the Trade-Marks Either (a) in Philippine Markets, or (b) in Foreign Markets.**

The reasoning of the majority opinion of the court below was that defendant acquired title to the trade-marks throughout the world as an appurtenance to the branch factory and lands in



Manila, which the Alien Property Custodian seized and sold to him, and that the Hongkong court made a clear mistake of law in following the House of Lords in the *Chartreuse* cases, followed by this Court in the American *Chartreuse* case.

The judgments of both this Court and of the House of Lords in the *Chartreuse* cases (1910 A. C., 362; 221 U. S., 580) are in accord. They turned on the inability of the French liquidator in seizing the physical assets and good will of the monks in *France*, where their famous liquors were manufactured, to seize "*the reputation which they had acquired in foreign markets.*"

The suggestion that the *Chartreuse* cases turned upon a secret process and are therefore distinguishable from an ordinary trade-mark case, is without foundation. *To show this we have printed in an appendix to this brief (Post, p. 26), for the convenience of this Court the entire report in the House of Lords of the case.* The syllabus of the case, presumably prepared with the approval of the court, in itself clearly indicates that the decision turned upon the lack of power of the French Government, or its representative, to determine the conditions under which a commodity could be sold in England and, incidentally, the use of trade-marks in that country.

That syllabus reads as follows:

"Where a foreign manufacture has acquired a reputation in England it is beyond the power of a foreign court or foreign legis-

lature to prevent the manufacturers from availing themselves in England of the benefit of that reputation or to extend or communicate the benefit to any rival or competitor in the English market."

It will be noted that no reference is made to any secret process in this summary of the court's decision.

This is equally true of the American Chartreuse case (*Baglin vs. Cusenier Company*, 221 U. S., p. 580). The syllabi are too lengthy to quote, but they nowhere suggest that the decision was predicated on a secret process. The point of the decision in the American case, as in the English case, was the inability of France to give to its liquidator any *extraterritorial power*.

The substance of the American decision is thus set forth in the syllabus:

"The law of a foreign country has no extraterritorial effect to detach a trademark validly registered in this country (the United States) from the product to which it is attached."

In other words, it was held in both cases that the trade-marks, which had been owned and registered by the monks in England and the United States, remained their property, even though the French Government had sold the factory of the monks, *with its good will and trade-marks*. It should be remembered that in those cases the *entire*

marketed under the same trade-marks, with notation on the label as to the factory in which the particular cigars were manufactured. He had registered these trade-marks in Belgium and Hong-kong.

Can it be seriously argued since the *Chartreuse* cases that the seizure of the branch factory in the Philippine Islands operated to divest plaintiff of his exclusive right to his trade-marks in foreign markets, especially when the courts of such foreign nations recognized plaintiff's right to such foreign trade-marks?

These decisions clearly hold that the sale of the Philippine branch property to defendant did not carry with it as an appurtenance *the foreign rights* to the trade-marks used on the output of the Hong-kong factory, or in connection with the home office at Antwerp, which was not seized and sold, and *could* not be seized or sold, by the American Alien Property Custodian. The exclusive right to use a trade-mark may exist in one person in one country and in another person in some other country. *Bourjois & Company v. Katzel* (260 U. S., 689) is an example. There the originating French Company sold its American business and rights to the trade-mark "Java" and "Bourjois," registered in the United States Patent Office, to an American company, while retaining its business and trade-marks in France. It was held that the American purchaser was entitled to the exclusive use of the trade-marks in America, the court saying:

“After the sale the French manufacturers could not have come to the United States and have used their trade-marks in competition with plaintiff. \* \* \* It is said that the trade-mark here is that of the French house and truly indicates the origin of the goods. But that is not accurate. It is the trade-mark of the plaintiff only in the United States, and indicates in law, and it is found by public understanding that the goods came from the plaintiff, although not made by it.”

In fact, a property right in a trade-mark may exist in two different persons in two different sections of the same country. *Hanover Milling Company v. Metcalf* (240 U. S., 403), *United Drug Company v. Rectanus* (248 U. S., 90). In the *Hanover case*, the Hanover Company, an Illinois corporation, had manufactured a grade of flour for which it had created markets in Alabama and certain other States, under the trade-mark “Tea Rose.” The Steelville Milling Company, also an Illinois corporation, had begun to manufacture flour and market it in Alabama under the trade-mark “Tea Rose.” The Hanover Company sought and obtained an injunction preventing the use of the “Tea Rose” trade-mark in Alabama on flour not of its manufacture. There was also involved in that case the claim of Allan & Wheeler Company, an Ohio corporation, which manufactured and marketed flour in markets north of the Ohio River under the trade-mark “Tea Rose,” and it

had sought an injunction against the Hanover Company to prevent said company from manufacturing and selling flour in Alabama markets under the trade-mark "Tea Rose." The court denied this injunction.

Mr. Justice Holmes, in a concurring opinion, stated that he agreed in the main with the reasoning of the court, so far as it went, but added:

"It never should be forgotten, and in this case it is important to remember, that when a trade-mark started in one state is recognized in another, *it is by the authority of a sovereignty that gives its sanction to the right.* The new sovereignty is not a passive figurehead. It creates the right within its jurisdiction, and what it creates it may condition, as by requiring the mark to be recorded, or it may deny."

This concurring opinion was later followed by this Court in the *United Drug Company case*, which sustained the exclusive right of Rectanus to his trade-mark in the Louisville markets, while the similar United Drug Company trade-mark had been first adopted and registered in the Patent Office and used in other markets.

There is thus no reason, either upon principle or authority, why the exclusive right to use these three trade-marks should not exist in plaintiff in Hongkong markets, where they were registered and had been long used by him on his cigars, and the exclusive right to use them in the Philippine

Islands—if properly seized—might not exist in defendant.

In this day of world-wide trade-marks, it is not unusual that the right to a given trade-mark may be in different parties in different countries. For example, one of the most valuable trade-marks is "His Master's Voice." The American rights are owned by the Victor Talking Machine Company of Camden. The European rights are owned by the Gramophone Company of England. The latter company had, before the great war, factories in Germany. These with the famous trade-mark were seized by the German Government and sold to German citizens. The result is that the German vendee has in Germany the exclusive license to the trade-mark, but it has never been suggested that he could use this license of the trade-mark to the exclusion of either the Victor Talking Machine Company or the Gramophone Company in other countries. Since the cessation of hostilities, the Gramophone Company has marketed its records in Germany, but under a different trade-mark.

Thus, the right of Germany to control the trade-mark within its political jurisdiction is recognized, but without in any way impinging upon the equal right of all other countries as a question of domestic polity to authorize the use of the same trade-mark in their respective jurisdictions. As the basis of the trade-mark law is the attempt to protect the consumer from deception, it must be a

matter in each country of its own municipal law and domestic policy.

Assuming, therefore, that the United States Government, in seizing a branch of Ingenohl's Belgian business, could confer a right to the use of Ingenohl's trade-marks in the political jurisdiction of the United States, it could not insist that such a sale conferred any right upon the vendee to interfere with trade-marks which had been registered by Ingenohl in other countries in which he was doing business.

All this was abundantly demonstrated in the *Chartreuse cases* and the wonder is that the Supreme Court of the Philippine Islands should have ignored so plain and necessary a doctrine, designed to prevent a conflict of laws, and that it should have regarded the decision of the Hongkong court, which was based upon the doctrine of the *Chartreuse cases*, as a "clear mistake of law."

The Trading with the Enemy Act had no extraterritorial operation. It did not and could not authorize the Alien Property Custodian to reach into Belgium and seize plaintiff's main office in Antwerp, nor seize his branch office in Hongkong, and the Custodian did not attempt to seize either of these offices. How can it be argued, in the face of the *Chartreuse*, *Hanover*, *Rectanus*, and *Bourjois cases*, that the foreign rights of plaintiff to these trade-marks in those countries passed to defendant as an appurtenance to the seized branch business in Manila, and that the Hongkong Court

committed a clear mistake of law and fact in not so holding? (Main Brief, pp. 30-36.)

Defendant did not acquire title to these trade-marks even in the Philippine markets (Main Brief, pp. 16-24). The Trading with the Enemy Act of October 6, 1917, and its amendment of November 4, 1918 (quoted in our main Brief, pp. 17, 18), superseded, during the war, the ordinary law of trade-marks. The Circuit Court of Appeals for the Third Circuit, in a decision dated December 21, 1926, in *Hicks, Alien Property Custodian, v. Anchor Packing Company*, in answer to a contention that a trade-mark could not exist during the war separate from a business, said that:

“War, and war legislation, superseded certain phases of the ordinary law of trade-marks and substituted the sovereign in their place. \* \* \* The business of the Anchor Company, however appurtenant to the trade-mark before the war, did not during the war draw the trade-mark to it and thereby divest the ordinary owner of its title or limit the war power of the United State either to license or seize it.”

If further support of this contention be required, it is found in the amendment of March 4, 1923 (42 Stat., 1515), to the Trading with the Enemy Act, as follows:

“The Alien Property Custodian is authorized and directed to return to the person entitled thereto, whether or not an enemy or ally of enemy, and regardless of



the value, any patent, trade-mark, print, label, copyright, or right therein or claim thereto, which has been conveyed, transferred, assigned, or delivered to the Alien Property Custodian, or seized by him, and which (1) has not been sold, licensed, or otherwise disposed of under the provisions of this Act, and (2) is not involved (at the time this subsection takes effect) in litigation in which the United States, or any agency thereof, is a party."

*This amendment is doubly significant when it is considered that with certain minor exceptions the Trading with the Enemy Act provided, and now provides, for the retention by the United States, until Congress shall otherwise direct, of other alien enemy property. The physical property of alien enemies was originally seized without seizing the trade-marks. The amendment of November 4, 1918, authorized the seizure in a particular manner of the trade-marks, and later, the amendment of March 4, 1923, authorized the return of certain of the trade-marks, while requiring the retention of the physical property. Can it be reasonably contended that during the period of the war trade-marks passed to the Alien Property Custodian as an appurtenance to the physical property seized by him and that they passed from him to a purchaser of the physical property as an appurtenance to said property?*

A symbolical act of seizure of the trade-marks separate from the act of seizure of the physical

property was necessary, and this could be effected only by filing the requirement or order of seizure in the United States Patent Office, where such trade-marks were registered. The filing of such a requirement was not mandatory and it did not create a trade-mark, nor act as a registration of a trade-mark created by the Alien Property Custodian. As characterized in *Hicks v. Anchor Packing Company, supra*, such a filing of the "requirement" or order of seizure was a "symbolical act of capture" and was necessary under the amendment of November 4, 1918, to the Trading with the Enemy Act to transfer title to the trade-marks from an alien enemy owner to the Alien Property Custodian.

This Court held in its opinion, dated October 11, 1926, in *United States v. Chemical Foundation, Inc.*:

"The Trading with the Enemy Act is a war measure covering specifically, fully and exclusively the seizure and disposition of enemy properties."

It follows that a seizure, a "symbolic act of capture" of trade-marks, not made in accordance with the terms of the Trading with the Enemy Act, conferred no rights on the Alien Property Custodian to the trade-marks. He could not convey that to which he had no right. The trade-marks in question are not the only ones which the Alien Property Custodian did not seize. Senate Document No. 182, 69th Congress, 2d Session, is a message of

the President transmitting, in response to a Senate resolution, a copy of an investigation made at his request by the Comptroller General of the United States of the administration of the Alien Property Custodian's office. At page 88 thereof, it is reported:

“In many instances patents, trade-marks and copyrights are listed in the reports, but were not seized, the general reason therefor being that ownership was not vested in enemy aliens, or that ownership could not be established from available information and, in some cases, because they were considered of no value.”

Learned counsel for defendant misapprehend our contention in this respect. We have not argued, and do not argue, that a filing of an order of seizure in the United States Patent Office was necessary to create a trade-mark or to register a trade-mark. It was necessary as a symbolical act of capture of a trade-mark and, as held in the *Chemical Foundation case*, it was necessary to give the Alien Property Custodian any rights in the trade-marks, for the Trading with the Enemy Act, as amended, “specifically, fully and exclusively” covered the “seizure and disposition of enemy properties.” The Alien Property Custodian could not have required plaintiff to convey his trade-marks to him, as suggested by defendant (p. 9), for two reasons: (1) The Trading with the Enemy Act did not authorize such a “symbolical act of

capture," and (2) plaintiff was in Belgium and not within the jurisdiction of the Alien Property Custodian. Furthermore, the record does not show that plaintiff made such a transfer and, in fact, none was made.

## II.

### **This Court Had Jurisdiction to Issue the Certiorari.**

We discussed this question briefly in our main brief, for it did not seem that the jurisdiction of this Court could be seriously questioned. Presumably this Court duly considered the objections to such jurisdiction in respondents' brief in opposition to the application for the certiorari, and found them without merit. As counsel have again raised the question—possibly in despair of a better issue—a brief reply may be useful.

The jurisdiction of this Court is not only based upon the fact that its disposition requires the true interpretation of statutes of the United States, but also because the basic question, as raised by the joinder of issue on the counterclaim, was the true ownership of the trade-marks. The defendant's counterclaim averred that the value of these trade-marks in the markets of the Far East alone was at least \$500,000. Indeed, their present contention is that the larger part of the price they paid for the Manila factory was for the exclusive use of the trade-marks.

Assuming that the Alien Property Custodian by his deed of sale intended to convey to the vendee

an exclusive use of the trade-marks in all parts of the world, the following questions necessarily arose:

1. Whether he, under his purely statutory powers, could either seize or sell the right to the trade-marks outside of the jurisdiction of the United States. This necessarily involved a true interpretation of the American law of trade-marks and the Federal statutes thereunder. In the *Chartreuse* cases (*Baglin v. Cusenier Co.*, 221 U. S., 597), a similar objection was made to the court's jurisdiction and this Court sustained jurisdiction because of "an assertion by the bill of a right under Federal statute by virtue of the registration of the trade-mark," citing *Warner v. Searle & Hereth Co.*, (191 U. S., 195); *Standard Paint Co. v. Trinidad Asphalt Co.*, (220 U. S., 446), and *Jacobs v. Beecham*, (221 U. S., 263).

2. This instant case not only involved that question, but more specifically the authority, if any, conferred by the Trading with the Enemy Act on the Alien Property Custodian. The court below recognized this by saying:

"The legal force and effect of plaintiff's contention is to claim and assert that the United States did not seize or take over the most valuable part of his assets and those of the company within its jurisdiction, and that it did not sell it to the defendant" (R., 376).

Unquestionably, the Trading with the Enemy Act is more involved in this case than it was in *United States v. Chemical Foundation, Inc.*, decided by this Court on October 11, 1926. It was conceded in the latter case that the trade-marks, patents, etc., which the Alien Property Custodian conveyed to Chemical Foundation, Inc., had been properly seized, while we deny that such seizure was made in this case (a) as to the Philippine markets and (b) as to markets in China and other foreign countries, and this for the reason that no "requirement," or order of seizure, was filed in the United States Patent Office, as provided in the Trading with the Enemy Act (Main Brief, pp. 16-24). Irrespective of the failure to seize the trade-marks, the Alien Property Custodian had no authority, under the Trading with the Enemy Act or otherwise, to seize and convey plaintiff's trade-mark rights in foreign markets.

The court below concluded the Hongkong judgment to be a "clear mistake of law and fact," and stated:

"We hold that the trade-marks and trade-names in question were a part of the company's business in the Philippine Islands and that the defendant acquired title to the use and enjoyment of them by its deed of conveyance, *not only in the Philippine Islands, but in all foreign countries*, in the same manner and to the same extent that they were used by the company and Inge-nohl prior to the time that their property

was seized by the United States. That the right and title to all such trade-marks and to their use passed by the conveyance made to the defendant" (R., 372, 373).

Plaintiff contends that under the original Trading with the Enemy Act of October 6, 1917, trade-marks could not be seized by the Alien Property Custodian, even though he may have seized the physical property on whose product the marks were used. It required the amendment of November 4, 1918, to Section 7 (c) of the Trading with the Enemy Act to authorize a seizure of trade-marks and then only by filing a "requirement," or order of seizure, in the United States Patent Office. Thus, the true construction of the pertinent Trading with the Enemy Statutes and the power of the Custodian thereunder are necessarily involved and this consideration in itself sustains the jurisdiction of this Court.

3. The Organic Act of August 29, 1916 (39 Stat., 554), is involved. Section 311 of the Code was void *ab initio*, as in excess of the authority delegated by President McKinley in his letter of instructions dated April 7, 1900, to the Philippine Commission and it did not become valid *ex post facto* through approval by Congress in the Spooner Amendment of March 2, 1901 (31 Stat., 910), or any subsequent statute, including the Organic Act of August 29, 1916.

The Philippine Islands, under the Philippine Commission, did not occupy the same relation to

the United States as do the State governments. They are a colonial dependency of the United States and do not have the degree of independence of legislation as have the legislatures of the several States.

A statute of the United States is thus involved, because the legislative authority delegated to the Philippine Commission for certain local governmental purposes has been exceeded by the enactment of paragraph 2 of Section 311 of the Code, purporting to declare a judicial policy contrary to that of the United States since the foundation of the Government and a policy, which, if allowed to continue, may subject the decisions of this and all other courts in the United States to the retaliatory action of foreign courts, if their judgments are disregarded by the Philippine courts (Main Brief, pp. 37-42).

When Section 311 of the Philippine Code was enacted, the Philippine Commission was functioning as an agent of the President, to which he had delegated certain of his powers as Commander-in-Chief of the Army and Navy to administer captured territory until Congress had provided for its disposition or government. This Court had therefore held in *Hilton v. Guyot* (159 U. S., 95), and *Ritchie v. McMullen*, *id.*, 230, that a Federal court could not impeach a foreign judgment, except for fraud or collusion, and we believe that the President never intended to provide by regulation for such impeachment for other causes, even in the



administration of captured territory, or territory ceded to the United States. If so, he could not delegate greater power to the Philippine Commission to make regulations than he himself possessed. In any event, both the power and the intention to exercise such power are involved in this case, should it become necessary for this Court to decide whether Section 311 of the Code is valid.

4. Even more broadly the Constitution of the United States is involved in the respondent's claim that the Trading with the Enemy Statutes conferred an extraterritorial sovereignty to determine the use of trade-marks in other countries.

The question as to the validity of §311 under the organic law of the Philippine Islands is not a mere afterthought. It was raised in the minority opinion in the court below, which said (R., 418):

“It may well be doubted if the Government of the United States ever intended that the Philippine Commission, acting under war powers, should enact legislation at variance with the foreign policies and relations of the United States. It is questionable if it is not beyond the power of the local legislature to provide peculiar legislation so entirely out of harmony with international comity. If forced to take the stand, we would debate long before holding that this provision in Philippine law is valid and constitutional” (R., 418).

5. The amount in controversy is in excess of \$25,000. The court below concluded upon the issues raised by the claim and counterclaim that defendant was the owner of the trade-marks and entitled to their use throughout the world, as against plaintiff. While the full value of the trade-marks is not clearly shown in the record, defendant alleged in its counterclaim that their value was \$500,000 in markets outside of the Philippine Islands (R., 254). Moreover, a certificate was filed when this certiorari was sought as to the jurisdictional amount.

The value of the trade-marks—the basic issue of the litigation—is far in excess of the statutory amount required to authorize review by certiorari.

Thus all requirements of Sections 7 and 8 of the Act of February 13, 1925, are satisfied, as at least three statutes of the United States, the Constitution and an amount in excess of \$25,000 being involved.

### III.

**Receipt by Plaintiff of the Proceeds of the Sale of the Philippine Lands and Factory Seized and Sold by the Alien Property Custodian Does Not Deprive Him of His Trade-Marks in (a) Philippine Markets; or (b) Foreign Markets.**

Defendant contends that it is conceded "that the seizure was validly made of all the property described in the deed of transfer" (p. 4). That a seizure was made of a factory in the Philippines

is true but the power of the Alien Property Custodian to sell the trade-marks was and is disputed, and no concession was ever made on this point. The record is not as clear as it might have been with respect to plaintiff's denial of the seizure and sale of his trade-mark rights *in the Philippine markets*, but there can be no doubt of his continued denial of such seizure and sale with respect to his trade-mark rights in foreign markets. In fact, this controversy arose over such denial with respect to the Hongkong markets, in which his rights were upheld by the Hongkong court (R., 9, 106-128).

The "Agreed Statement" (R., 143-157), with which defendant captions his version of the record facts, does not purport to be a statement of all the facts in the matter. Voluminous documentary and other evidence were introduced in the Manila Court of First Instance, and an examination of the record clearly shows that we have made a fair statement of the essential record facts.

The fact that plaintiff, in March, 1921, accepted the proceeds of the sale of his Philippine business did not have the effect of conveying his trade-mark rights, either in Philippine or foreign markets, to defendant, or of ratifying the contract of sale made by the Alien Property Custodian to defendant. There was nothing else for plaintiff to do but accept the proceeds. He was in Belgium, many thousands of miles away, when his property was seized in November, 1918, after the armistice, and

when it was sold in January, 1919, to defendant. Under the express terms of the Alien Enemy Act, he could not secure return of his property or contest the sale, but not being an alien enemy, he had an enforceable right to the proceeds thereof. *Behn, Meyer & Company v. Miller, Alien Property Custodian* (266 U. S., 457). The enforcement of that right did not result in his deprivation of other rights and in his being further despoiled. To say that the acceptance of the proceeds of the sale concludes the petitioner, begs the question, for such receipt leaves open the question what the Alien Property Custodian intended to sell or could sell.

Defendant's statement and the statement of the court below that the sustaining of plaintiff's contentions would mean the deprivation of defendant of the most valuable part of the plaintiff's business in the Philippine Islands is entitled to no consideration. There is no evidence that the value of the large tracts of land, factories and tobaccos in the Philippine Islands and enumerated in the contract of sale, was not largely in excess of the price paid by plaintiff. Also, defendant was not compelled to buy the property at the price it paid, or at any other price. The transaction was entirely voluntary on its part and the contract of sale disclaimed all responsibility for any representation or guaranty of the property described (R., 39). If it was material, there is no basis in the record for the argument that the trade-marks were the most valuable part of the Philippine business.

Also, the trade-marks on the exported products were the property of plaintiff in Antwerp, in the same manner as the trade-marks in the *Bourjois case* were originally the property of the French company, or the Chartreuse trade-marks were the property of the monks while residents of France and later of Spain, though both marks had been registered in foreign countries. Defendant did not even acquire the rights to the trade-marks in Philippine markets, as the American company acquired the rights in American markets to the trade-marks in the *Bourjois case*. Unlike the *Koppel, Hunyadi*, and *Anchor Packing Company cases*, cited in our Main Brief (pp. 33, 36), the Alien Property Custodian did not seize plaintiff's rights to the trade-marks in the Philippine markets, and, under the *Chartreuse cases*, could not seize such rights in foreign markets and under foreign registrations. When plaintiff was deprived of his Philippine tobacco, lands and factories, he transferred *all* of his cigar-manufacturing business to his Hongkong factory, even as the monks transferred their liquor-manufacturing business from France to Spain.

The suggestion that defendant "paid \$1,500,000 for an exporting business which could not export, a going concern which could not go" (p. 26), and received thus, according to defendant, only the husks of the business (p. 27), does not, if true, justify despoiling plaintiff of his trade-marks. Moreover, it is not true. Defendants can sell

their cigars at will anywhere, but they may not appropriate foreign trade-marks or deceive customers in foreign markets.

The court below was without power, in order to make what it considered a good bargain for defendant, to do that which the Alien Property Custodian did not do—seize the trade-marks—and do what the Alien Property Custodian could not do—seize and sell the foreign rights to the trade-marks. Thus his vendee only bought what the Custodian could lawfully seize and sell,—*nothing more*. To such a case where the property of a friendly alien is forcibly and most harshly seized—the rule of *caveat emptor* has especial application.

Respectfully submitted,

JAMES M. BECK,  
O. R. McGUIRE,  
*Attorneys for Petitioner.*

**EXHIBIT B.****The English Chartreuse Case.**

LECOUTURIER AND OTHERS, *Appellants*,  
and  
REY AND OTHERS, *Respondents*.

Where a foreign manufacture has acquired a reputation in England it is beyond the power of a foreign court or foreign legislature to prevent the manufacturers from availing themselves in England of the benefit of that reputation or to extend or communicate the benefit to any rival or competitor in the English market.

Decision of the Court of Appeal, 1908, 2 Ch. 715, affirmed.

\*The circumstances of these two appeals are stated in the judgment of Lord Macnaghten.

The Court of Appeal held that the Carthusian monks were entitled (1) to use their old trade-marks in England and to have certain entries expunged from the register of trade-marks in England; and (2) to an injunction restraining the appellants from (*inter alia*) using the word "Chartreuse" in connection with their liqueurs, and from selling their liqueurs in England, without distinguishing their liqueurs from the liqueurs manufactured by the monks. Hence the present appeals.

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\*The italics are our own.

FEB. 2, 3.

Sir Robert Finlay, K. S., and Upjohn, K. C. (L. B. Sebastian with them), for the appellants.

P. O. Lawrence, K. C. (Younger, K. C., and Sargent with him), for the respondents.

Sir W. S. Robson, A. G., and Austen-Cartmell for the Comptroller of Trade Marks.

Upjohn, K. C., in reply.

The House took time for consideration.

MARCH 18.

LORD MACNAGHTEN: My Lords, your Lordships, I think, are all agreed in holding that the decision of the Court of Appeal in both these cases is perfectly right.

The facts are not in dispute. The principle of law on which the respondents, who were plaintiffs in the action, rely is well settled. It has been recognized and asserted over and over again in this House. There is no feature of novelty about the case, unless one is to be found in the circumstances which led immediately to this litigation.

A religious community of great antiquity, known as the Order of Carthusian Monks, had until lately, its principal seat and its headquarters near the Dauphiné Alps, not far from Grenoble, in the department of Isère in France, at a monastery known as "La Grande Chartreuse." There was the residence of the prior-general of the order, and there was manufactured, according to a secret process, a liqueur of several sorts and colours known all over the world as "Chartreuse." To this trade name and to the insignia by which they designated their manufacture the monks had vindicated their exclusive right in many lawsuits in



England, and they possessed several trade marks on the English register standing in the name of their procurator, Abbé Rey.

In 1901 there was passed in France a law called the Law of Associations, which declared illegal all unlicensed religious associations failing to obtain within a limited period authorization from the State. The monks of La Grande Chartreuse applied for the requisite authorization, but they did not succeed in obtaining it. Thereupon, in due course, the monastery of La Grande Chartreuse, with its dependencies in France, was dissolved. The monks were forcibly expelled from the country, and all their property in France, including their distillery and their French trade marks, was confiscated and sold. The particulars of the sale purported to comprise the commercial business of the monks and "the customers and goodwill attached to the business." But two things that belonged to them—the secret of their manufacturing process and the reputation which their liqueurs had acquired in foreign countries, and notably in England—were incapable of being seized or confiscated. Expelled from France and exiled from their old home, the monks of La Grande Chartreuse carried with them the secret of their manufacture and the power of securing the benefit of the reputation which their skill had gained for them abroad.

After their expulsion from France, the monks of La Grande Chartreuse transferred the headquarters of their order to Lucca, in Italy, but they set up their business in Tarragona, in Spain. There, having made an arrangement with the respondents La Union Agricola for the disposal of their output for a term of years, they began to

make their liqueurs in the old way according to their old and secret process. The secret was jealously guarded, and the manufacture was carried on throughout the whole process by the monks themselves. The liqueurs so made bore the insignia of the Carthusian Order and the old trade marks and labels, the only difference being a note to the effect that the liqueurs were now made at Tarragona.

Then followed a warfare in England waged with varying success. On the one hand were the monks and *La Union Agrícola*, on the other M. Lecouturier, the liquidator appointed by the French Court to wind up the affairs of the dissolved monastery, and with the liquidator were the purchasers from him, calling themselves *La Compagnie Fermière de la Grande Chartreuse*. The monks fought to preserve the remnant of their property which was beyond the reach of French law. The liquidator and the purchasers from him, who were not in possession of the monks' secret, strove to supplant them in the English market by adopting their insignia and representing that they were the proprietors of the "genuine" liqueur, "the old and world-renowned liqueur 'Chartreuse.'"

At the outset the monks were victorious. On the strength of the trade marks, registered in the name of their procurator, they stopped the importation into England of goods bearing their insignia and got up so as to represent or counterfeit their manufacture. Then by a contrivance, which it is difficult to reconcile with the actual truth, the liquidator procured the English trade marks to be transferred to him, on the allegation that he was the assignee of Abbé Rey. This manœuvre

turned the scale in favour of the appellants, and the monks in their turn were prevented from using their old trade marks in England. The monks then brought this suit, and, at the same time, moved to expunge the last entry from the register of trade marks. The Court of Appeal has decided in their favour, and the liquidator and the purchasers from him are now the appellants.

The only plausible ground of appeal urged at the Bar was that under French law and by reason of their purchase from the liquidator the appellants were justified in doing what they have done. To me it seems perfectly plain that it must be beyond the power of any foreign Court or any foreign legislature to prevent the monks from availing themselves in England of the benefit of the reputation which the liqueurs of their manufacture have acquired here or to extend or communicate the benefit of that reputation to any rival or competitor in the English market. But it is certainly satisfactory to learn from the evidence of experts in French law that the Law of Associations is a penal law—a law of police and order—and is not considered to have any extra-territorial effect. It is also satisfactory to find that these legal experts confirm the conclusions which any lawyer would draw from a perusal of the French judgments in evidence in this case, that the sale by the liquidator of the property bought by the appellant company has not carried with it the English trade marks, or established the claim of the appellant company to represent their manufacture as the manufacture of the monks of La Grande Chartreuse, which most certainly it is not.

I think both appeals must be dismissed with costs.

Lords Atkinson and Collins concurred.

Lord SHAW of Dunfermline:

My Lords, the appellant M. Henri Lecouturier, in his statement of defence, sets forth that he "is a French judicial officer, and in all his acts complained of in this action he has acted under the directions of the French Courts having competent jurisdiction, and in accordance with decisions given by them for the purpose of carrying into effect the enactments of the Legislature of the French Republic." He has, it is added, no personal interest in the matter. M. Lecouturier has sold the liqueur business in France with the trade marks in England to the Compagnie Fermière de la Grande Chartreuse, which company joins with him in his defence. The other defendants are his agents in this country.

The plaintiff and respondent Célestin Marius Rey was for many years the procurator of the Carthusian Order of Monks, residing at the monastery of La Grande Chartreuse, near Grenoble in France. Herbault, the other plaintiff and respondent, is the general superior. They sue this action on behalf of themselves and all the other members of the Carthusian Order. That order is a religious society founded in the eleventh century, and it is said to hold, or to have held, property in various countries, including France and England. Part of that property consists of the monastery of La Grande Chartreuse. It is maintained that the order is in possession of a secret process or recipe for the manufacture of the liqueurs called "Chartreuse," and it is not disputed that the business of manufacture has been conducted by the monks in that locality, that a trade of a profitable nature and of large dimensions has been built up in these articles, and that

sales thereof have been conducted for many years past, not in France alone, but in other countries of the world. In some of these countries trade marks for the liqueurs have been obtained. One of these countries is England.

One of the chief points to be settled in this case is as to the effect of a law passed by the Legislature of the French Republic on July 1, 1901, and amended on December 4, 1902. A translation of this with certain brief supplements appears among the papers, as also a translation of decrees of August 16, 1901, by Monsieur Loubet, French Minister of the Interior, made pursuant to articles 18 and 20 of the law of July 1. My Lords, the law and decrees cannot be perused without a consciousness of the importance of the subject-matter with which they deal, touching, as they do, at various points the structure and development of French society, and affecting its law and the property of French subjects in much detail. My Lords, the "comity of nations" is an expression which is familiar but necessarily indefinite. The attempts to fix it down into a set of rules of legal or binding effect, and the discussions which have accompanied such attempts, have been very fruitless. But (bearing in mind that we are dealing in the present case with the relations of French citizens, and a business whose centre was, and whose conduct was mainly, in France) I take it at least that that comity tends towards encouraging the co-operation of civilized communities by giving effect, so far as may be, to the regulation by the Legislature and Courts of the domicile of the parties of the relations and rights of these parties. Such regulations should, upon all suitable occasions, be treated with most favourable re-

gard and with the desire to respect and apply the principles from which, so to speak, the central propositions emanate, so far as these can be accommodated to the practice and requirements of foreign judicatures. Nothing, my Lords, in the slightest degree inconsistent with this appears in the judgments of the Court below, and I proceed further to say that I think it would be, so far as I can see, not acting in accordance with the true meaning and effect of the French Legislature and decrees, but acting contrary to that meaning and effect, to give them the application beyond the territory of the French Republic which is desired in this case.

Throughout all the legislation as to the necessity for associations being sanctioned after application by the Government, as to no religious congregations being formed (article 13) "without an authorization given by a law which will determine the conditions of its working," as to the *ipso facto* dissolution of congregations not so authorized, and as to the sequestration of the effects and the appointment of an administrator and liquidator, and particularly throughout the regulations as to the conduct of the liquidator, the Court to which he is answerable, and the realization and distribution of property ingathered by him, I cannot trace anything, either express or implied, which suggests extra-territorial operation. And beyond the regulation of property within France as part of a scheme for dealing with a question reckoned to be of great social import in that country, I do not discern any intention, either express or implied, by the legislation or decrees to effect the transfer or affect the holding of property in other countries to which the social and political

problems, as French problems, did not extend. In short, and to take the present case as an instance, I do not see anything conferring upon the liquidator of the property of the Carthusian Order a right to strip that order of their possessions in all parts of the world. I do not think that what the French Legislature did can be read in this extreme sense. Whether effect would have been given by foreign Courts to such legislation is therefore a question which does not really arise.

The species of property which the defendants maintain are embraced within that committed to the appellant by his appointment of liquidator of the effects of the Carthusian Order are certain trade marks registered in England. He has produced before the Registrar of Trade Marks the decree of his appointment, and caused an application to be made at the British Patent Office for the entry of his name in the British register of trade marks, as the subsequent proprietor of the trade marks registered there on behalf of the said dissolved congregations (all of which referred to the Grande Chartreuse), and such entry was made on May 2, 1905. It is, of course, admitted that the formality of registration cannot affect the fundamental rights of the parties as they fail to be determined in this action.

The object of the action is to obtain an injunction to restrain the defendants from using the word "Chartreuse" in connection with the sale of liqueurs other than those manufactured by the plaintiffs. The second portion of the injunction is against the ordinary case of passing off the liqueurs manufactured by the defendants as the manufacture of the plaintiffs. The true question is, "Who is entitled to use the term 'Chartreuse'?"

as denominative of a special manufacture of liqueur?"

My Lords, having given much attention to the proof, I am of opinion that a sound judgment thereon has been given by the Court of Appeal. I cannot presume to put my opinion otherwise than in these sentences of the Lord Chief Justice of England, which I respectfully adopt: "I have not the slightest doubt that for a great many years before 1901 the word 'Chartreuse' or 'Grande Chartreuse' had acquired in the English liqueur market the secondary meaning that it was a liqueur manufactured by the monks of the monastery. Whether or not the monastery included the distillery, whether or not it included outlying buildings, and whether the final product put into the bottles was actually bottled at the distillery or at the monastery is, to my mind, absolutely immaterial. It seems to me that what anybody would have understood it to mean would have been liqueur manufactured by the monks of the monastery of La Grande Chartreuse."

That the liqueur was manufactured according to a secret process or recipe I hold to be proved. Whether the secret imparts any virtue to the liqueur, or whether the business and efforts of Lecouturier's assignees, working in the old locality, have succeeded in producing a liqueur as good or better, appears to me to be irrelevant, and on that head I think that the judgment of Lord Herschell in the Yorkshire Relish case (*Birmingham Vinegar Brewing Co. v. Powell* (1)) is entirely applicable. Whether, as Lord Davey in that case said, the two articles are "a wonderful match" does not seem to me to be in point, except in one particular which is not favourable to the appel-



lants. For, my Lords, the nearer you can bring in point of appearance qualities or properties in one article or set of goods of your manufacture to others already protected by a trade mark, the clearer is the duty to avoid representing your goods as those others. Nor do I doubt that the use of the word "Chartreuse" by the appellants would of itself stamp the article which they produced with the reputation which it ought not to possess, namely, that the liqueur was made from the monks' secret recipe.

It is said, however, that these trade marks are the subject of assignment by virtue of the French legislation and Lecouturier's appointment under it. I have already dealt with that from the international point of view, but, my Lords, I desire to add this: in no view of that legislation could it be maintained that it transferred to a liquidator the secrets within the knowledge of the monks who have proceeded to foreign countries, and, particularly in Spain, have put into operation these business secrets, and are manufacturing according to them. In short, the business of Chartreuse liqueur as such is carried on by them; and the English trade marks are therefore trade marks in respect of a thing the business in which is not, and cannot be, conducted by the appellants. The trade marks are in the latter; the business in the monks.

My Lords, such severance is not legally possible. It was not possible before the leading English statute. As Fry, L. J., remarks in *Pinto v. Badman* (1), "It has been laid down by the clearest authority that a trade mark can be assigned when it is transferred together with, to use Lord Cranworth's language, 'the manufactory of the goods in which the mark has been used to be affixed.'"

And s. 70 of the Patents, etc., Act, 1883, provides that "A trade mark, when registered, shall be assigned and transmitted only in connection with the good will of the business concerned in the particular goods or classes of goods for which it has been registered, and shall be determinable with that good will." To maintain that there can be good will in a business the secret whereof is not transferred is, of course, out of the question.

My Lords, it is a significant commentary upon and justification of the view taken above with regard to the French legislation and decrees that it seems to be in complete accord with the decisions come to upon the same topic by French tribunals. The appellant Lecouturier was extremely uncertain as to whether he had any right whatever under the legislation and decrees mentioned to trade marks registered in foreign countries. On December 26, 1905, he presented an application called "A petition for interpretation of decision" of the order of the Court of Appeal of Grenoble of July 19, 1905. Lecouturier states that the judgments and decisions vesting in him the Carthusian property "lack precision, inasmuch as they do not indicate with sufficient clearness that the assets of the liquidation comprise not merely the trade marks registered in France, but likewise the trade marks registered in foreign countries," and he asked the Court "to pronounce and declare, by way of interpretation of its decision," that the latter trade marks were included.

The Court declined to grant the petition, narrating, among other things, that "It is not permissible for judges, under the pretext of interpreting their decisions, to make any modification therein or to add a fresh provision to them." The Court,

“without taking into consideration the demand made by Lecouturier in his said capacity, declares it to be inadmissible,” and condemned him in costs. It is true, my Lords, that that decision left it free to Lecouturier to take such recourse as he might think fit; but in the course of the narrative a most significant commentary is made upon the law of July 1, 1901, by the learned judges. It is in these terms: “The liquidator’s claim to the ownership of the trade marks registered in foreign countries raises the question of whether the law of 1st July, 1901, which is an exceptional and police law, is operative or not outside the territory of the Republic.” It is accordingly clear that, when the English Courts are appealed to on the ground that the law of the Republic referred to operated a transfer of foreign trade marks, that is, done in fact of a judicial declaration by high French authority that the law sought to be enforced abroad was an exceptional and police law. This has no remote bearing upon the general question and confirms, in my opinion, the conclusion arrived at by your Lordships.

I think it right further to add that what appears to me to have been very near to the question raised in this case has also been settled adversely to the defendants in the Courts of France. When the monks migrated to Spain and there set up the business according to their secret recipe, “La Union Agricola Sociedad Anonima” was formed for the purpose of conducting the trade, and the liqueurs manufactured in Spain were sold in bottles bearing the words, “Les pères Chartreux.” On May 18, 1905, the civil tribunal of Grenoble pronounced judgment in a litigation upon this subject. That judgment narrates as follows:

"Whereas by application of the law of 1st July, the Grande Chartreuse mark may, indeed, have remained in the hands of the liquidator of the dissolved and expelled congregation, but the secrets or process of manufacture were carried away by the Chartreuse monks as an unseizable property seeing that non-patented processes remain unknown, and the mark was thus separated from the product whose origin it had, until then, guaranteed. Whereas this special situation resulting from new legislation brings into presence on the one hand the liquidator who sells under the old Grande Chartreuse mark a product which is not manufactured by the Chartreux monks, and on the other hand the Chartreux monks, whose right to manufacture liqueurs according to their processes Lecouturier admits, but whom he wishes to prohibit from using their name to characterize and distinguish the products manufactured by them. \* \* \* Whereas the mark is chiefly valuable through the product which it protects and not in itself without the product, although according to our law contrary to the legislation of other countries the product and the mark are not indissolubly bound together."

The finding of that Court was that the Union Agricola is entitled to use in its label the name "pères Chartreux" in order to designate the manufacturers of the liqueur manufactured at Tarragona, and that it has not committed the misdemeanour of usurpation of name. Nothing, my Lords, could be clearer in the result than that the Tarragona manufacture by the monks and according to the secret is, according to French judicial opinion, not interfered with by the law of July 1, 1901, and that even the products of that manufac-

ture can be sold in France with the name "Les pères Chartreux." The French judges note the fact, which is in accordance with English law, that outside of France the business and the marks should go together. It is accordingly, in conclusion, my Lords, satisfactory to observe that the decision of your Lordships' House, far from being out of harmony with the lines of French procedure, whether judicial or legislative, appears to be in entire accord with its provisions and its limitations.

I agree in thinking that the decision of the Court of Appeal ought to be sustained.

Lord LOREBURN L. C.:

My Lords, I have very few words to add. I agree with the decision of the Court of Appeal. I desire to say that I do not think any reflection rests upon the French judicial officer, Monsieur Henri Lecouturier, who is an appellant in this case, but this property (for property it is) which has come in question in this appeal is properly situated in England, and must therefore be regulated and disposed of in accordance with the law of England. I am glad to think that in so holding we are not affirming anything inconsistent with the decisions of the French Court, to which we, of course, at all times desire to pay the most becoming respect.

Orders of the Court of Appeal affirmed  
and appeals dismissed with costs.

Lords' Journals, March 18, 1910.

In the Supreme Court of the  
United States

OCTOBER TERM, 1925

No. [REDACTED]

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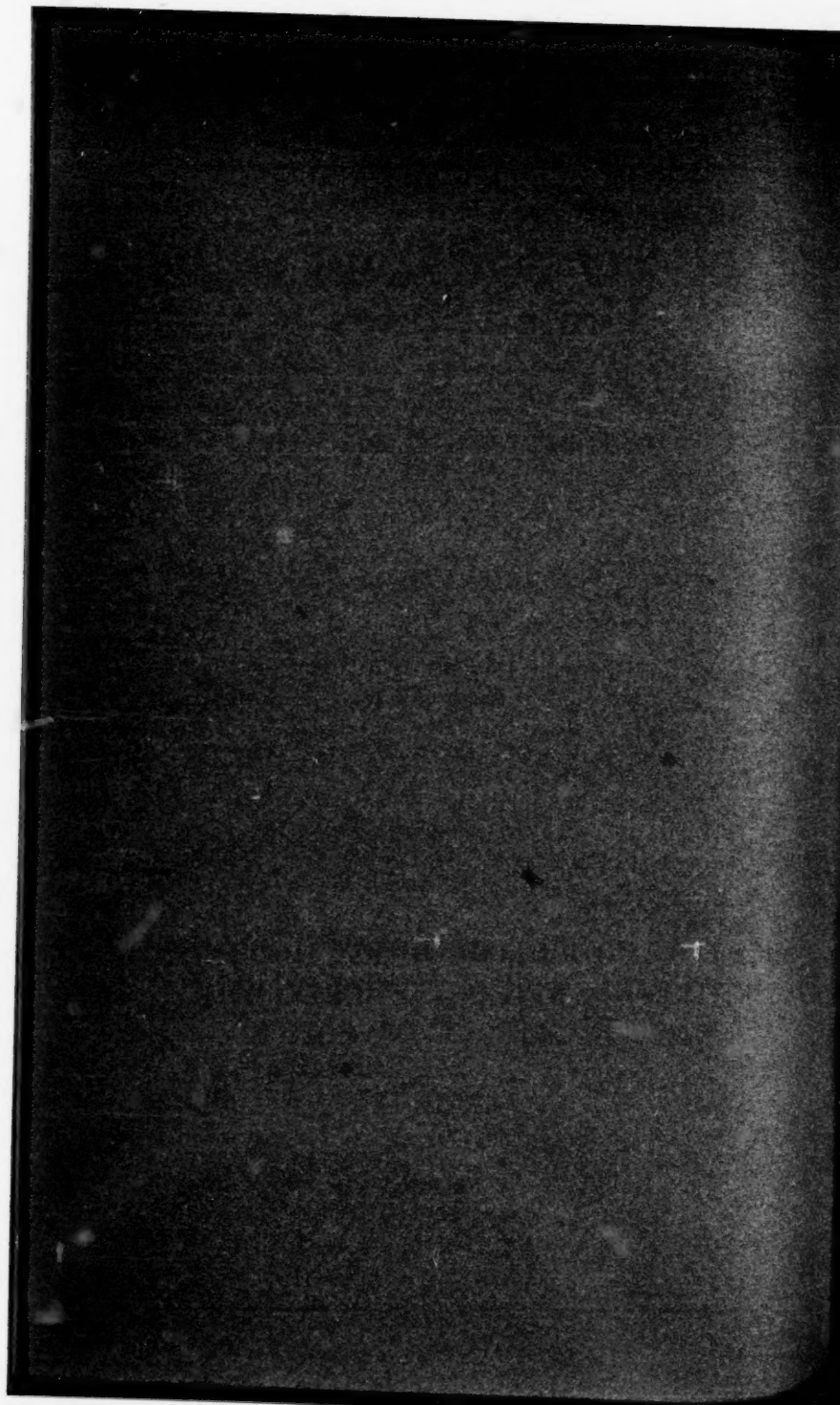
CARL FRANK ARNOLD OTTO INGENHOHL,  
*Petitioner,*

vs.

WALTER E. OLSEN & Co., Inc.,  
*Respondent.*

NOTICE OF MOTION AND MOTION TO DENY  
PETITION FOR WRIT OF CERTIORARI WITH  
BRIEF IN SUPPORT OF MOTION

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# In the Supreme Court of the United States

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OCTOBER TERM, 1925

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No. 614

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CARL FRANZ ADOLF OTTO INGENOHL,  
*Petitioner,*

*vs.*

WALTER E. OLSEN & Co., INC.,  
*Respondent.*

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## NOTICE OF MOTION TO DISMISS PETITION FOR WRIT OF CERTIORARI TO THE SUPREME COURT OF THE PHILIPPINE ISLANDS

TO THE PETITIONER ABOVE NAMED AND HIS ATTORNEYS:

Please take notice that on the 5th day of October, 1925, at the opening of the Court on that day, or as soon thereafter as counsel may be heard, Walter E. Olsen & Co., Inc., respondent herein will, upon the entire record in this cause, submit a motion to dismiss the petition for a writ of certiorari, a copy of which and brief in support thereof are herewith delivered to you, to the Supreme Court of the United

States in the court room at the Capitol in the City of Washington in the District of Columbia.

Dated at Manila, P. I., this 18th day of August, 1925.

ALLISON D. GIBBS,

*Counsel for Respondent.*

*302 Roxas Bldg., Manila, P. I.*

The foregoing notice is hereby accepted and service of a copy thereof and of the motion and brief therein mentioned is hereby accepted this .... day of ....., 1925.

.....  
*Counsel for Petitioner.*

# In the Supreme Court of the United States

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OCTOBER TERM, 1925

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No. 614

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CARL FRANZ ADOLF OTTO INGENOHL,  
*Petitioner,*

*vs.*

WALTER E. OLSEN & Co., Inc.,  
*Respondent.*

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## MOTION TO DISMISS PETITION FOR WRIT OF CERTIORARI TO THE SUPREME COURT OF THE PHILIPPINE ISLANDS

TO THE HONORABLE, THE CHIEF JUSTICE, AND THE ASSO-  
CIATE JUSTICES OF THE SUPREME COURT OF THE UNITED  
STATES:

Now comes Walter E. Olsen & Co., Inc., respondent,  
and moves this Honorable Court to dismiss the petition in  
the above entitled action for the following reasons:

*1st.* Because the amount in dispute does not exceed  
\$25,000.00 United States currency and neither the Consti-  
tution nor any statute or treaty of the United States is  
involved and this Court is therefore without jurisdiction  
to entertain the petition.

*2nd.* Because aside from the fact that this Court is without jurisdiction, the petition is without merit.

Dated at Manila, P. I., this 18th day of August, 1925.

ALLISON D. GIBBS,  
*Counsel for Respondent.*  
*302 Roxas Bldg., Manila, P. I.*

# In the Supreme Court of the United States

OCTOBER TERM, 1925

No. 614

CARL FRANZ ADOLF OTTO INGENOHL,	}
<i>Petitioner,</i>	
<i>vs.</i>	
WALTER E. OLSEN & Co., Inc.,	}
<i>Respondent.</i>	

## BRIEF IN SUPPORT OF MOTION TO DISMISS PETITION FOR WRIT OF CERTIORARI

(All italics ours)

### FIRST GROUND OF MOTION

The amount in dispute does not exceed \$25,000.00 United States currency and neither the Constitution nor any statute or treaty of the United States is involved and this Court is therefore without jurisdiction to entertain the petition.

The fallacy of petitioner's contention as to this Court's jurisdiction is disclosed in counsel's statement as follows:

"It appears from the answer filed by the respondent here that the value of the trade marks in question in China is one million pesos, and likewise it appears by affidavit of a competent witness made a part

of the record here that the value of these trade marks in Hongkong (the value in controversy) exceeds \$25,000. The case is one, therefore, which it is competent for this Court to certify to itself for review and determination. Jurisdiction may likewise be entertained by this Court upon the ground that Section 311 of the Code of Civil Procedure of the Philippine Islands conflicts with a right or privilege of the United States."

(Pages 9 and 10, Petition for Writ of Certiorari.)

The only matter in issue under petitioner's complaint as plaintiff in the action against respondent in the courts of the Philippine Islands was the costs amounting to the equivalent of P31,099.41, Philippine currency, for which the Hongkong Supreme Court rendered judgment against the respondent. (See copy of complaint, pages 2 to 4, printed record.)

The counterclaim of respondent as defendant in the action was finally dismissed. Therefore, the amount involved in these proceedings is less than \$16,000.00 U. S. currency.

It is true that the Supreme Court of the Philippine Islands found that the defendant (respondent) "has the absolute title and right to all of the trade marks in question and to their exclusive use and enjoyment, not only in the Philippine Islands, but in all other countries where they are duly registered \* \* \*," but this was obviously a mere finding of fact as one of the grounds or reasons for revoking the judgment of the trial court. The value in controversy necessary to give this Honorable Court jurisdiction must be either an amount claimed by the petitioner as plaintiff in the court below, or an amount or value for which judgment was rendered by the Supreme Court of the Philippines. The sole amount claimed by petitioner as plaintiff in the court below, as previously stated, was less than \$16,000.00 U. S. currency. The sole judgment rendered by the Supreme

Court was the revocation of the judgment of the trial court of the Philippine Islands in favor of the petitioner as plaintiff against the respondent as defendant for a sum less than \$16,000.00 U. S. currency and the affirmance of that part of the judgment of the trial court which dismissed the counterclaim of the respondent as defendant in the court below. The judgment of the Supreme Court of the Philippines neither granted to nor took away from the respondent as defendant in the court below its ownership of the trade marks and trade names. The only effect of the judgment was to support respondent's defense as defendant in the court below that the decision of the Supreme Court of Hongkong was a clear mistake of law and fact by reason of the circumstance that respondent had acquired title to such trade marks and trade names by virtue of the deed of the alien property custodian of the United States. The decision in the Supreme Court of the Philippines does not purport to render judgment in favor of respondent as defendant in the court below for the trade marks and trade names, but only to find as a matter of fact and law that respondent had acquired the same by virtue of the deed mentioned. No judgment by the Supreme Court of the Philippines could have been legally rendered in favor of the respondent as defendant in the court below and against the petitioner as plaintiff in the court below for the trade marks and trade names in question because no such issue was raised in the pleadings and there was no prayer in respondent's answer as defendant in the court below for any such relief.

It is also true as stated by counsel in his petition for certiorari that "it appears from the answer filed by the respondent herein that the value of the trade marks in question in China is one million pesos and likewise it appears by affidavit of a competent witness made a part of the record here that the value of these trade marks in Hongkong \* \* \* exceeds \$25,000.00" (page 9, Petition for Certio-

rari), but counsel's deduction that the value in controversy is thereby established to be in excess of \$25,000.00 is wholly without justification.

Aside from the value of the opinion of the Honorable Supreme Court of the Philippines as expressed in its finding of fact that the respondent as defendant in the court below was owner of the trade marks and trade names, that finding granted nothing of value to respondent in the Colony of Hongkong, in China, the Straits Settlements or any other foreign jurisdiction for the reason that the judgment of the Supreme Court of the Philippines could not and can not be enforced in such foreign jurisdictions.

Petitioner does not dispute the respondent's exclusive right to the use of the trade marks in the Philippines.

The affidavit of H. Sieling as to the amount involved in dispute (pages 29-30, inclusive, petition for writ of certiorari and brief in support thereof) is limited to the value of the trade marks in the Colony of Hongkong. Needless to say the judgment of the Hongkong Supreme Court enjoining the respondent from using the trade marks in that colony is still in full force and effect, notwithstanding the decision of the Supreme Court of the Philippine Islands. It may be added that the same condition prevails in the Straits Settlements and other oriental countries dominated by the British Government.

In China and particularly in Shanghai where each citizen is entitled to be sued, if at all, before a court of his own country, the petitioner, recognizing the fact that no litigation either in the Colony of Hongkong or in the Philippines could determine his right to the use of the trade marks in question in Shanghai or elsewhere in China, about a year ago brought an action before the British Court of Shanghai against certain British subjects who were acting as distributors of the cigars in China for respondent. The Honorable Judge, Sir Skinner Turner of the Supreme Court



of Shanghai, overruling the judgment of the Supreme Court of Hongkong, rendered judgment in favor of the distributors of the respondent and against the petitioner. Referring to the litigation both in Hongkong and Manila, Judge Turner said:

"In one aspect or another of the dispute, the parties have been before the Supreme Court in Hongkong and the Courts (including the Appeal Court) in Manila, and differences of judicial opinion have been shown. The case in Hongkong is reported in 17, Hongkong L. R. 4, (1922), and that judgment is now final: in Manila the Court of Appeal decision has been made (Exhibit "S") in this case, and I am told it is under a further appeal. Of course neither of these decisions is binding upon this Court, but both are to be treated with that respect and courtesy which is always shown to the judgments of a foreign Court of competent jurisdiction." (See Appendix "A".)

Even if by any interpretation the judgment of the Supreme Court of the Philippines could be held to be a judgment granting the respondent the right to use the trade marks in question in the United States, there is no evidence that any cigars have ever been sold in the United States by either the petitioner or the respondent under those trade marks, and if there were such evidence, it would be necessary for the petitioner to further establish by affidavit that the value of the use of those trade marks in the United States is in excess of \$25,000.00 U. S. currency, or rather that the value of their use would, in addition to the amount sued for by petitioner as plaintiff in the court below, amount to a sufficient sum to make up a total of the jurisdictional amount.

Counsel for petitioner advises this Honorable Court in effect that if it be unable to agree with him that the value in controversy exceeds \$25,000.00 U. S. currency, juris-

diction may nevertheless be entertained "upon the ground that Section 311 of the Code of Civil Procedure of the Philippines conflicts with a right or privilege of the United States." (Pages 9-10, Petition for Certiorari.) Counsel for petitioner cites the dissenting opinion of two of the Justices of the Supreme Court of the Philippines, intimating that Section 311 of the Code of Civil Procedure might be held unconstitutional but is not willing to himself go on record as adopting or approving that part of the dissenting opinion. Counsel contents himself with a somewhat vague intimation that the doctrine of comity constitutes an international law and that Section 311 of the Code of Civil Procedure is in conflict with that alleged unwritten international law. Counsel says:

"An international question, a question of international comity and a question of international law are involved."

But even if such were the case, it would not bring the petitioner within the requirements of the Act of Congress to give this Honorable Court jurisdiction. Such jurisdiction is granted only "wherein the Constitution or any statute or treaty of the United States is involved, or wherein the value in controversy exceeds \$25,000.00, or wherein the title or possession of real estate exceeding in value the sum of \$25,000.00 is involved or brought in question." By "statute or treaty of the United States" Congress meant a written statute or a written treaty. There is no contention that there is any such statute or treaty on the subject of foreign judgments in existence. Section 311 of the Code of Civil Procedure in no way conflicts with the Constitution or any statute or treaty of the United States. The Federal Government exercises no control over State Governments with reference to the faith or credit which shall be given to foreign judgments, and we believe that every

state in the Union has some statutory provision upon that subject which is applicable not only to the force and effect to be given judgments of the courts of other states, but also to the judgments of courts of foreign countries.

If any distinction can be drawn the Philippines are still more independent than the States in the enactment of such legislation as Section 311 of the Code of Civil Procedure. It is in effect the legislation of Congress through the Philippine Commission and must be presumed to have met with the approval of Congress. We quote from the syllabus of the opinion of the Supreme Court of the Philippines in the case of *U. S. v. Bull* as follows:

**"2. THE GOVERNMENT OF THE PHILIPPINE ISLANDS; NATURE AND CHARACTERISTICS.**—The Government of the Philippine Islands is not that of a State or a Territory, although its form and organization somewhat resembles that of both. It stands outside of the constitutional relation which unites the States and Territories into the Union. The authority for its creation and maintenance is derived from the Constitution of the United States, which, however, operates on the President and Congress, and not on the inhabitants of the Philippines and the Philippine Government.

**"3. ID.; POWERS AND LIMITATIONS SOURCE OF ITS ORGANIC LAWS.**—For its powers and the limitations thereon the Government of the Philippines looks to the orders of the President before Congress acted, and the Acts of Congress after it assumed control. Its organic laws are derived from the formally and legally expressed will of the President and Congress, instead of the sovereign constituency which lies back of American constitutions.

**"4. ID.; A COMPLETE GOVERNMENTAL ORGANISM WITH THE USUAL DEPARTMENTS.**—Within the limits of its authority the Government of the Philippines is a complete governmental organism with executive, legislative, and judicial departments exercising the functions commonly assigned to such departments.

**"5. ID.; LEGISLATIVE POWER OF THE GOVERNMENT.**—The legislative power delegated to the Government of the Philippines is granted in general terms, subject to specific limitations. The grant is not alone of power to legislate on certain subjects, but to exercise the legislative power subject to the restrictions stated.

**"6. ID.; VALIDITY OF LEGISLATIVE ACTS.**—An act of the legislative authority of the Philippine Government which has not been expressly disapproved by Congress is valid unless its subject-matter has been covered by Congressional legislation, or its enactment forbidden by some provision of the organic law.

**"7. ID.; ID; RESERVATION BY CONGRESS OF POWER TO SUSPEND ACTS UNTIL APPROVED.**—The reservation by Congress of the power to suspend valid Acts of the Philippine Commission and Legislature does not operate to suspend such Acts until approved by Congress, or when approved, expressly or by acquiescence, make them the laws of Congress. They are valid Acts of the Government of the Philippine Islands until annulled.

**"8. ID.; ID.; POWER TO REGULATE FOREIGN COMMERCE.**—The power to regulate foreign commerce is vested in Congress, and by virtue of its power to govern the territory belonging to the United States it may regulate foreign commerce with such

territory. It may do this directly, or indirectly through the legislative body created by it, to which its power in that respect is delegated. Congress has not, except in certain specific instances, legislated directly upon the subject, but, by the grant of general legislative power it has authorized the Government of the Philippines to enact laws with reference to matters not covered by the Acts of Congress, and report its action to Congress for approval or disapproval. The limitations upon the power of the Commission or Legislature to legislate do not affect the authority with respect to the regulation of commerce with foreign countries.

"9. ID.; ID.; ID.; ACT No. 55.—Act No. 55 was enacted before Congress took over the control of the Islands and was amended by Act No. 275 after the Spooner Amendment of March 2, 1901, was passed. The Military Government and the Civil Government instituted by the President had the power, whether it be called legislative or administrative, to regulate commerce between foreign countries and the ports of the territory. The Act passed in furtherance of this power has remained in force since its enactment, without annulment or other action by Congress, and must be presumed to have met with its approval.

"10. ID.; ID.; ID.; OFFICERS AND CREWS OF SHIPS IN TERRITORIAL WATERS.—When a foreign merchant ship enters territorial waters, the ship's officers and crew are subject to the jurisdiction of the territorial courts, subject to such limitations only as have been conceded by the territorial sovereign through the proper political agencies."

(U. S. v. Bull, 15 Phil., pages 7 and 8.)

The power to regulate foreign commerce is of greater moment than that to define the force and effect of foreign judgments.

Section 311 of the Code of Civil Procedure of the Philippines is a sensible salutary statute. It cannot be reasonably contended that any foreign judgment should be enforced where there has been "a want of jurisdiction, want of notice to the party, collusion, fraud, or clear mistake of law or fact."

## SECOND GROUND OF MOTION

Aside from the fact that this Court is without jurisdiction, the petition is without merit.

The reasons advanced by the Supreme Court of the Philippine Islands sufficiently justify the decision. The British Appellate Court for the Colony of Hongkong and for Shanghai consists of the Judges of the Hongkong and Shanghai Courts sitting together. The decision of the Supreme Court of the Colony of Hongkong was to the mind of the Judge of the Supreme Court of Shanghai such a clear mistake of law and fact that, upon the same issues and evidence, he found it necessary to overrule that decision and follow the decision of the Supreme Court of the Philippines. A copy of the decision of the Shanghai Court is hereinafter set forth as Appendix "A".

The facts are fully stated in an agreed statement of facts which was copied in full in the opinion of the Supreme Court of the Philippines. (Pages 346-361, printed record.)

The British Hongkong Court was manifestly misled by an erroneous interpretation of the decision of the celebrated cases which arose in England and the United States as a result of the expulsion from France of the Carthusian monks, and the confiscation by the French Government of the business establishment where they manufactured Chartreuse by a *secret process*. The French Government

represented by a judicial officer seized the establishment and claimed thereby to have become the owner of the goodwill and trade marks under which the monks had sold the output of their business, not only in France, but in foreign countries. The French Government naturally upheld its own action, insofar as French territory was concerned, but both the British and United States courts refused to recognize the right of the representative of the French Government to such good will and trade marks as against the Carthusian monks who carried their secret process with them from France to Spain, where they organized a Spanish company and again manufactured the genuine article and placed it on the market under its old trade marks previously registered by the monks in both countries. Why, we ask, did the British and United States Governments refuse to recognize the right of the French Government to the goodwill and trade marks formerly appropriated by the Carthusian monks to identify the Chartreuse manufactured by them? The answer is obvious. The public as the consumer of the Chartreuse was, as in all other cases, primarily concerned, and it would have been a fraud upon that consumer to have permitted the representative of the French Government to palm off his spurious article as the genuine Chartreuse, the secret process for the manufacture of which was possessed exclusively by the monks. The action of the British and United States courts was based upon the very principle relied upon by us in this case, that a trade mark cannot be disconnected from the genuine article for the identification of which it may have been appropriated and registered. The obvious difference between the principles of confiscation and sale involved in the Chartreuse cases and the case at bar is that the attempt of the French Government to become the successor of the monks in the manufacture of Chartreuse wholly failed for the reason that the genuine Chartreuse represented by the



goodwill, trade names and trade marks in question in those cases, could not be manufactured except by the secret process which was carried away by the monks and used in their new establishment, whereas, in the case at bar, the defendant by virtue of the sale and transfer of the Alien Property Custodian, as well as by the ratification of said sale by the plaintiff, not only became the owner of the very factory, for the identification of the output of which the trade marks in question were appropriated and registered in both Hongkong and Shanghai, but continued to manufacture and sell the only genuine Perla del Oriente, Cometa del Oriente, and Imperio del Mundo cigars; whereas, the plaintiff seeks to foist upon the public a spurious cigar manufactured by Chinese employees in the Hongkong Colony of such tobacco as he may see fit to use under the false representation that it is a genuine Philippine cigar manufactured in "El Oriente Fábrica de Tabacos." Every feature of the trade marks thus used by the petitioner is a false pretense as to the origin of the goods sold under them.

This Honorable Court will note that the Judge of the British Supreme Court of Shanghai agreed with our interpretation of the Chartreuse cases and found that they supported our contention rather than that of the petitioner. (See Appendix "A".)

The final determination in the case of *Hilton versus Guyot* 159 U. S. 95 and in *Ritchie versus McMullen*, 159 U. S. 235 cited by petitioner to the effect that the merits of a case once decided by a foreign court can not be reopened and retried as to the facts and law in no manner support petitioner's contention on the merits in the case at bar, because Section 311 of the Code of Civil Procedure clearly authorizes resistance of a foreign judgment on the ground of either a clear mistake of law or of fact, whereas no such provision was applicable to the *Hilton* and *Ritchie* cases



above mentioned. The second paragraph of the syllabus in the case of *Hilton v. Guyot* (*supra*) reads:

*"Where there is no written law upon the subject, such as treaty or statute, questions of international law must be determined by judicial decisions, the works of jurists, and the acts and usages of civilized nations."*

(*Hilton versus Guyot*, 159 U. S., page 95.)

In the case at bar Section 311 of the Code of Civil Procedure is a statute which expressly covers the subject and disposes of all the arguments of counsel for petitioner.

Counsel closes his brief for petitioner with the following question:

"In conclusion it may perhaps be stated that the question presented here cannot be more clearly presented than by stating it thus: Assume that the English Government acting through an Alien Property Custodian, or similar officer under a statute similar to our Alien Property Law, had seized and sold the Hongkong factory of Ingenohl and the trade marks appurtenant to it as registered in the Colony of Hongkong, could the purchaser of the Manila business have restrained the purchaser of the Hongkong business from using the trade marks registered in Hongkong in that Colony? To put it a little more strikingly, could the purchaser of the Hongkong business and the trade marks appurtenant to it, as registered in the Colony of Hongkong, have come into a Court of the Philippine Islands and have successfully restrained the purchaser of the Manila business and the trade marks appurtenant to it, from using those trade marks in the Philippine Islands?"

(Brief in support of Petition for Writ of Certiorari, pages 26 and 27.)

To the first question we reply that none of the trade marks in question were appurtenant to the Hongkong factory and that any purchaser of that factory could legally have been restrained by the respondent from the use in the Hongkong Colony of such trade marks on the output of the Hongkong factory after it ceased to be a branch of the Manila factory. To the second question we again reply that none of the trade marks in question were appurtenant to the Hongkong factory and that no purchaser of that factory could have legally restrained the respondent in the Philippine Courts from using such trade marks. The following among other reasons support our replies to the questions of counsel for the petitioner.

The trade marks and trade names in question were used exclusively from the year 1882 to 1908 on the output of the Manila factory known as "El Oriente, Fábrica de Tabacos" and owned first by "El Oriente, Fábrica de Tabacos, Sociedad Anónima," of which the petitioner Ingenohl was manager, and second by the "Syndicat Oriente," a joint account association operated in the name of the petitioner as its gerant.

Every distinguishing characteristic of the trade marks and labels from the Filipina girl in the center of "La Perla del Oriente" (paragraphs 11, 12 and 13 and Exhibits "E," "F," and "G" of the agreed statement of facts) to the Bridge of Spain, the Pasig River, Magallanes Monument, the stone wall, Dominican Church, Intendencia building and church towers of Intramuros in "El Cometa del Oriente" (par. 14 and Exhibit "H" agreed statement of facts), together with the wording below "La Perla del Oriente" (Exhibits "E" and "F" agreed statement of facts), and on the medals shown in Exhibits "G" and "H" agreed statement of facts, is symbolical of Manila, the Philippine Islands and the Filipino people, and emphasizes the origin and manufacture of the cigars in the Manila factory known as "El

Oriente, Fábrica de Tabacos, Manila." (Pages 143-157, printed record.)

In 1908 Ingenohl as gerant of "Syndicat Oriente" constructed a cigar factory in Hongkong in which he manufactured cigars partially from Philippine tobacco supplied by the Manila factory, and partially from wrapper imported from Java. Upon each and every box or package containing the output of the Hongkong factory, there appeared the words "El Oriente, Fábrica de Tabacos, Hongkong, *Sucursal de la Fábrica de Manila*," (branch of the Manila Factory), for the purpose of distinguishing such output from the product of the main factory at Manila, of which it was but a sucursal or branch, and presumably for the purpose of protecting patrons against deception in purchasing cigars manufactured in Hongkong by Chinese employees of material but part of which was furnished by the Manila factory, in the event such patrons should wish to purchase the genuine article manufactured in the Manila factory. (See paragraphs 17 and 18 and Exhibit "I" of the agreed statement of facts.)

There was no registration or appropriation of the trade marks for the identification of the output of the Hongkong factory, but on the contrary it appears from par. 21 of the agreed statement of facts and also from the decision of the Hongkong Court that the trade marks in question were assigned on the Hongkong registry as late as February, 1910, (2 years after the construction of the Hongkong factory) to the Syndicat Oriente under its style "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila." It further appears from par. 23 of the same agreed statement of facts that the registration of the trade marks was renewed on the Hongkong register in the same name by the petitioner on March 13, 1917, thereby again reappropriating and re-registering such trade marks for the identification of the output of the Manila factory. Had the intention of petitioner been

to appropriate the trade marks for the identification of the output of the Hongkong factory, he would have mentioned that factory as well as the Manila factory in the 1910 assignment and the 1917 renewal on the Hongkong registry.

For some unexplained reason the printed record which was forwarded by unregistered mail was not received by counsel for respondent until August 17th. We have, therefore, had scarcely enough time to glance through the printed record before preparing this motion. However, we call particular attention to the fact that the printed record is incomplete and misleading in that the labels or trade marks in dispute, which were attached to the agreed statement of facts, have not been reproduced in the printed record and the alleged description set out in lieu of proper copies or reproduction of such labels, which are Exhibits "E" to "I" inclusive of the agreed statement of facts, are incorrect and not in accordance with the body of the agreed statement of facts. For example, the description of Exhibit "H" (page 188, printed record) is as follows:

"EXHIBIT 'H.' This exhibit is another facsimile of a trade mark or label. *It depicts a big bridge resembling the old Bridge of Spain across the Pasig River at Manila. In the back ground can be seen tops of buildings and towers. Above are several stars and a comet, on the tail of which comet appear the words 'EL COMETA DEL ORIENTE.'* Underneath are the obverse of three medals, a coat of arms, and the reverse of said three medals. (*See the corresponding page of the certified copy of this Transcript of Record.*)"

Paragraph 14 of the agreed statement of facts (page 149, printed record) describes Exhibit "H" as follows:

"14.—Another facsimile of a Trade Mark and Trade Name also presented as evidence to the said

Supreme Court of Hongkong depicts the old Bridge of Spain across the Pasig River at Manila, showing in the back ground the Old Stone Wall of the Walled City, Manila, and the Dominican Church, Magallanes Monument, Intendencia Building and the Church Towers of the Walled City of Manila and above several Stars and a Comet, on the Tail of which appear the words 'El Cometa del Oriente.' That a copy of said trade mark or label marked Exhibit 'H' is hereto attached and made a part hereof."

It will be noted that whereas the agreed statement of facts recites clearly and positively that the label "depicts the old Bridge of Spain across the Pasig River at Manila, showing in the back ground the Old Stone Wall of the Walled City, Manila, and the Dominican Church, Magallanes Monument, Intendencia Building and the Church Towers of the Walled City of Manila," the substituted description of Exhibit "H" above quoted says:

"It depicts a big bridge resembling the old Bridge of Spain across the Pasig River at Manila. In the back ground can be seen tops of buildings and towers."

We respectfully submit that the petition should be dismissed, both for want of jurisdiction of this Honorable Court and for want of merit in petitioner's case.

Dated at Manila, P. I., this 18th day of August, 1925.

ALLISON D. GIBBS,  
Counsel for Respondent.  
302 Roxas Bldg., Manila, P. I.

## APPENDIX "A"

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### DECISION OF THE BRITISH SUPREME COURT OF SHANGHAI

(as reported by *The North-China Daily News* of Shanghai,  
Thursday, April 23, 1925.)

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#### MANILA CIGAR TRADE MARKS CASE

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Sequel to an Enemy Property Sale: Belgian Plaintiff and  
American Defendant in H. M. Supreme Court.

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#### DEFENDANTS' TRADE MARK RIGHTS IN CHINA

Judgment in the action brought by Mr. Carl Ingenohl, a Belgian subject, against Messrs. Wing On, of Shanghai, a British Company, to restrain the latter from using certain cigar trade marks, was given in H. M. Supreme Court yesterday by his Honour, Judge Sir Skinner Turner.

At the outbreak of war in 1914, plaintiff was the proprietor of an extensive cigar manufacturing business in Manila and, as it was understood he was a German subject, the property passed into the possession of the American Custodian of Enemy Property and was in due course sold to Messrs. Olsen & Co., an American corporation. Plaintiff subsequently established the fact that he was a Belgian subject, and accordingly the sale price of the business was refunded to him. His present claim to exclusive use of the original trade marks is based on the contention that, with the sale of the property to Messrs. Olsen, only the rights to the usage of the trade marks in the Philippine Islands passed to them, and that no extra-territorial rights to their use were conferred. The action was brought against Messrs. Wing On as

being the sole, or principal, distributors of the cigars in China for Messrs. Olsen, the trade being a very extensive one, many millions of the cigars in question being annually imported.

Mr. Duncan McNeill appeared for plaintiff and Mr. R. N. Macleod for defendants.

### AN UNUSUAL ACTION

His Lordship said:—This is an important and, in many respects, novel action. It arises out of the war measure taken by the U. S. A. in the Philippine Islands, and considerable consequences are involved. In one aspect or another of the dispute, the parties have been before the Supreme Court in Hongkong and the Courts (including the Appeal Court) in Manila, and differences of judicial opinion have been shown. The case in Hongkong is reported in 17, Hongkong L. R. 4, (1922), and that judgment is now final: in Manila the Court of Appeal decision has been made (Exhibit "S") in this case, and I am told it is under a further appeal. Of course neither of these decisions is binding upon this Court, but both are to be treated with that respect and courtesy which is always shown to the judgments of a foreign Court of competent jurisdiction.

In the case before me the position is peculiar: this Court sitting under a Treaty with China exercises jurisdiction at the suit of nationals of all countries over British subjects; and we find here a British Company (Wing On Co., Ltd.) as the (nominal) defendants. But the real party to the action is Messrs. Walter Olsen & Co., Inc., an American Company: therefore the plaintiff being a Belgian citizen, this Court is in effect being asked to decide a dispute between a Belgian and an American—neither subject, save by consent and submission, to the jurisdiction of this Court. And inasmuch as no attempt

was made to get Messrs. Olsen on the record, that company has not in any way submitted to the jurisdiction of this Court: but it is the real defendant and has, I understand, indemnified the British Company defendants in the matter of costs.

The action is one of passing-off and involves a question of trade marks. It seems to me, therefore, that it clearly comes within the provisions of Article 4 of the China Order in Council, 1907, as being an action for the protection of a trade mark. It therefore becomes essential for the Court to be satisfied in one way or another that effectual provision exists for the protection of the trademarks of British subjects in the Belgian Consular Courts in China. This, as regards copyright, was clearly laid down by Bourne, J., in the case of *de Jesus v. "N. C. D. News,"* (96 N. C. Herald, 1910, p. 109), and it lies upon the plaintiff to show this; unless there has been a notification (*i. e.* a public notification) issued by His Majesty's Minister to the effect that an arrangement for this protection has been made between His Majesty's Government and the Government of the State to which the plaintiff belongs: of such a notification this Court takes judicial notice. As Bourne, J., laid down in the copyright case, this Court may be satisfied by the production of a certificate under the hand and seal of the Judge of the Consular Court concerned in China: and I have accepted one in this case from the Judge of the Belgian Court in the following terms (Exhibit "J") dated February 25, 1925:—

"I, Joseph d'Hondt, Acting Consul-General for Belgium and Judge of the Belgian Consular Court at Shanghai, hereby certify that effectual provision exists for the protection in this Court and other Belgian Consular Courts in China of the rights and



interests of British subjects in trade marks infringed by Belgian subjects or protégés."

### NO FRAUD, BUT A QUESTION OF RIGHTS

Now this case is brought as a passing-off action relating to cigars: upon the right of every trader to protect his property and to prevent attempts by other traders to avail themselves of his reputation to pass off their goods as his (see *Imperial Tobacco Co. v. Bonnon*, 1924, A. C. on page 759). No fraud is alleged or suggested in the use of the trade-marks concerned: each side claiming the right to use them. No question need be considered by me as to the right of the present plaintiff to bring this case: it is conceded in this Court that, whatever may be the position of Ingenohl towards other persons associated with him in his business in Antwerp, he is the right person to sue here and much, therefore, of the expert evidence on Belgian law that was given need not be considered by me, as it had to be considered by the learned Chief Justice of Hongkong. That this matter is important to the parties concerned is shown by the facts that the output of the cigar factory in Manila concerned in these proceedings used to be from 30 to 40 million cigars a year: that the present owners of that factory had in 1919 a contract for the supply to one distributing agency in China of 24 million cigars in one year, and that the dispute over these trademarks has been one of the contributing causes to the failure (and a heavy failure) of Messrs. Olsen & Co., the present owners of the factory. Now the facts are as follows, and I shall try not to omit any relevant matter.

### THE HISTORY OF THE CASE

The plaintiff, Ingenohl, a German by birth, became a naturalized Belgian in 1886: he took up the business of cigar making in Manila in about 1882, his own head-

quarters being in Antwerp. The business first belonged to a Société Anonyme (Limited Company), and the factory was in Manila. It commenced there about 1882, and the three trademarks really concerned ("Perla," "Cometa," and "Mundo") were originally registered in the name of the Company both in Manila and in Hongkong and probably elsewhere. There is no registration to cover this case in China. In 1905 the plaintiff became the proprietor of the business, purchasing it from the liquidator of the Société Anonyme: in 1909 he started a factory in Hongkong and in 1910 the three above-named marks, registered there in 1903 in the name of the Société Anonyme, were assigned in the Hongkong Register to "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila." These marks were registered in Class 45, "Tobacco manufactured or unmanufactured." Before 1909 the products of the Manila factory under these marks were well known in China, where there was a very large market for them. After a time the marks were used by the plaintiff for the products of his new Hongkong factory as well as for those of the original Manila factory. Such was the position up to the outbreak of war in 1914. It is perhaps not surprising that Ingenohl and his business came into suspicion amongst the allies then: and we find that he was placed upon the British Black List and a supervisor was appointed to the factory in Hongkong. On the entry of the U. S. A. into the war, the factory in Manila was taken over by the Custodian of Enemy Property; and under the legislation there in force was advertised for sale in December, 1918, and was actually sold by auction to Messrs. Olsen & Co., Inc., in January, 1919.

Under the American legislation the utmost the original owner could get back from the U. S. Government was the price paid by the purchasers of the business sold: under no circumstances could he recover the business.

At the conclusion of the war, Ingenohl, it is most interesting to note, demanded and obtained an inquiry into his conduct and affairs at the hands of his own (the Belgian Government): as a result of this inquiry, he was cleared of enemy character, and this finding was accepted by the Powers concerned: he was paid the purchase price of the Manila factory (he could not, under the law, get back the factory) and received back any other property that had been detained by the Governments of Great Britain, Belgium, and U. S. A.

### THE PURCHASE OF TRADE MARKS

The plaintiff now claims that he is the owner of these trademarks in China: that nothing that was done by the Custodian of Enemy Property in Manila had any extra-territorial effect and that just as he would have had protection in this Court for his marks prior to 1914, so he can have it now even against the purchaser of the business in Manila. The defendants, on the other hand, claim that, as purchasers of the business as a going concern with its goodwill and trademarks, they are entitled to use the marks in China, merely distinguishing themselves (as they have done, and as I believe is required by American Statute law) as the successors in business to the Ingenohl firm. It is not suggested that there is any "secret in the manufacture of the cigars sold under these marks". In so far as there is any peculiar process, it is equally known today to the Manila and to the Hongkong factory.

It is not denied that the plaintiff is the right person to sue here: it is not denied that the remedy sought in this action (once the requirements of the 1907 Order in Council are met) is the appropriate remedy. It is clear that the plaintiff, when he established his Hongkong factory and used these marks on its products, was attract-

ing or endeavoring to attract to them some of the reputation that had been gained by the products of his Manila factory: and there is no doubt that the marks as originally used by him in Hongkong (see Exhibits "AA" and "BB"), were misleading, in that they undoubtedly suggested Manila as the place of origin of the cigars sold. And it is worth comment that the assignment in Hongkong of the marks in 1910 was not made in any way to the Hongkong factory; there was nothing in the transfer noted (Exhibit "E") to show that these marks were to be used for the products of the Hongkong factory; it was simply an assignment from the Société Anonyme to the Ingenohl firm (to use a general term) of Manila: and could no doubt have been made without any factory in Hongkong. It is to be remembered that there is nothing in the case before me in the nature of a counter-claim; nor indeed could I expect to find one. I shall as far as possible try to avoid in this judgment anything which might seem to touch upon the rights of other extra-territorial Courts in this country of China.

Now the first thing that appears is that on the pleadings the duty is cast upon the plaintiff to prove his case: to show that by the use of these marks or by the general get up of these cigars the defendants are endeavoring to pass off their goods as being the goods of the plaintiff. Then there is no doubt, and in this matter, I think, the Court must be entitled to speak without any evidence from the parties deceived, that a purchaser might from the labels used on the boxes mistake the cigars from the Manila factory for those of the Hongkong factory or *vice versa*; a position which from sections 21 and 22 of the English Trade Marks Acts of 1905 and 1919 seem to be contemplated as possible in law. (I should mention here that the Trade Marks Act of 1919 makes an addition to Section 22 of the Act of 1905).

## THE CONTRACT OF SALE

I have to turn to the contract of sale (Exhibit "L") between the Custodian and Messrs. Olsen, of January, 1919. This was between two American citizens made in the Philippine Islands, to be performed in the Philippine Islands. There can be no doubt that the interpretation of that contract is governed by American law; it is the "proper" law of the contract. I have no experts called on that matter, but I have a certified copy of a judgment (Exhibit "S") of an American Court dealing with this very contract, to which I am clearly entitled to look.

It is necessary to remember that the business of the Manila factory was almost entirely an export business. Some small part of the output (from 5 to 10 per cent) was for local trade; the rest (90 per cent to 95 per cent) was sold to agents for export to China, Hongkong, Australia, and elsewhere. Then the Manila factory had been at work since 1882, manufacturing and selling cigars under these three trade marks and acquiring a reputation for them: firstly the ownership being in a Société Anonyme, of which Ingenohl was sole Directing Administrator, and after 1905 in Ingenohl with a trade name of "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila." Thus the reputation of this manufacture was from 1882 to 1905 (23 years) in the Company and from 1905 to 1914 (9 years) in Ingenohl. There can I think be no doubt that any right of protection in British Courts in China for these marks between 1882 and 1905 was at the suit of the Company; from 1905 to 1914 at the suit of Ingenohl: in other words that the transfer of the business by the liquidator in 1905 to Ingenohl was intended to give him and did give him the business and its trade marks. I quote from the translation affixed to Exhibit "K." "The Limited Company has transferred and transfers to Carl Ingenohl, merchant at Antwerp

\* \* \* trading under the style of El Oriente, Fábrica de Tabacos, C. Ingenohl, the whole of its industrial and commercial affairs both in Belgium and elsewhere, and more especially the manufacturing of cigars at Manila; at the same time the said Company transfers to him its trademarks and all its rights resulting from its applications to the effort of registering (*i. e.* for registration) and the registering of its marks, labels, ribbons and rings made in Belgium and in any other country."

This transfer clearly contemplated some extra-territorial effect, and it was so held in Hongkong, for the marks registered there in 1903 by the Limited Company were assigned to the "Ingenohl Firm of Manila" in 1910: and this was done to enable the Ingenohl firm of Manila to prosecute for offences in Hongkong connected with the products of the Manila factory. It is in evidence that at first the Hongkong factory sold their products under the name of "Grand Asia": it was not till after the lapse of a year at least that they were sold under the marks concerned in this case; in addition, marks other than the three concerned in this case were registered in Hongkong in the name of the "*Orient Tobacco Manufactory, C. Ingenohl, Mongkok in the Colony of Hongkong*" by which name the plaintiff traded in Hongkong (see Hongkong judgment, page 13). In other words, in 1910 these three marks were registered in Hongkong in connection with the business in Manila, and not in connection with the business in Hongkong: even though the two businesses were the same ownership, and that fact was known to the Registrar of Trade Marks in Hongkong: while the plaintiff has all along insisted that the business in Hongkong was quite independent of the business in Manila.

## SALE RIGHTS NOT CONFINED TO PHILIPPINES

I come now to the sale by the Custodian of Enemy Property in Manila in January, 1919. I have already said this contract has to be construed by American law. Now what was sold? It was "the property, real and personal, rights, etc. \* \* \* wherever situate in the Philippine Islands and all incidents and appurtenances thereto including the business as a going concern and the goodwill, trade name and trade marks thereof of Syndicat Oriente, a Company \* \* \* heretofore doing business in the Philippine Islands under the name of "El Oriente, Fábrica de Tabacos, C. Ingenohl," and any "interest in the foregoing which may belong to Carlos Francisco Adolfo Otto Ingenohl" (the present plaintiff). It is suggested that all that was sold or purported to be sold there was the business in the Philippine Islands: and that such sale could not affect outside the Philippine Islands including, I suppose, the U. S. A. I do not agree with this contention: when I know that in China the products of this factory under these three marks had obtained a great reputation, and that 90 per cent of the output of this factory was exported from the Philippine Islands, it seems to me an unreasonable contention to say that the contract itself was not intended to have any effect outside the Philippine Islands. In my judgment, the Custodian sold to Messrs. Olsen the business (which must include the export business) as a going concern, with the rights to the trademarks of that business in the Philippine Islands and in other places in so far as the laws of such places will uphold these rights. I see nothing in the contract, when knowing the nature of the business, to lead me to the conclusion that nothing was sold save the right to use the trademarks in the Philippine Islands only: (assuming it had to be interpreted by English law). And the Court of Appeal in the Phil-



ippine Islands takes this view of the contract of sale interpreting it in the light of American Laws:

I quote from that judgment:—"The conveyance in question must be construed as intended to convey to Messrs. Olsen & Co. all property which either Ingenohl or his Company had within the jurisdiction of the United States. \* \* \* We hold that the trademarks and trade names in question were a part of the Company's business in the Philippine Islands and that Messrs. Olsen & Co. acquired title to the use and enjoyment of them by its deed of conveyance not only in the Philippine Islands but in all foreign countries in the same manner and to the same extent that they were used by the Company and Ingenohl, prior to the time that their property was seized by the United States. That the right and title to all such trademarks and to their use passed by the conveyance made to Messrs. Olsen & Co."

Such is the construction put upon this contract by the majority of the Supreme Court in the Philippine Islands sitting in Appeal: such was the construction put upon the contract of sale in Mumm's case by the Comptroller General; and such must have been the meaning of a similar contract of sale of the Manila factory if made by Ingenohl as a voluntary act; and it seems to me that it is the construction that I should put upon it, were I to apply English Law to the document, subject only to this qualification: the right to use and enjoyment of the marks in foreign countries must be subject to the laws and Court of these countries; and so we find that the Supreme Court of Hongkong has not allowed this right to Messrs. Olsen & Co., in the Colony of Hongkong, for the reasons set out in full in its judgment reported in 17, Hongkong L. R., page 4. I see nothing in the contract itself to lead me to the conclusion that it was intend-



ed only to have reference to the use of these marks in the Philippine Islands.

### THE CASE OF THE CARTHUSIAN MONKS

But it is said that to give effect to this construction in a British Court in China would be to give effect to the Penal Legislation of the U. S. A. and that British Courts will never do this. I am referred to Dicey: (Conflict of Laws, 2nd Ed., Rule 40 on page 207), and to the case of *Rey v. Lecouturier* (1908, 2 Ch. 722 and 1910 2 A. C. 262). I do not doubt the proprieties as stated by Dicey; but the answer to this is that the measures taken by the U. S. A. as a result of which this sale was made in January, 1919, do not come within that doctrine at all. If they did, so would decisions of Prize Courts, and that has never been suggested. The case *Huntington v. Attrill* (1893 A. C. 150) lays down the class of cases to which that doctrine applies; and that decision expressly accepts the law as laid down in the U. S. A. The Privy Council accepted the following exposition of the law as providing the test for ascertaining whether an action is penal within the meaning of the rule:—"The rule that the Courts of no country execute the law of another applies not only to prosecutions and sentences for crimes and misdemeanors, but to all suits in favor of the State for the recovery of pecuniary penalties for any violation of statutes for the protection of its revenues or other municipal laws, and to all judgments for such penalties." Such a test excludes the case before me. Then as to the case of *Rey v. Le Couturier*; the "Chartreuse" case; which the learned Chief Justice of Hongkong held conclusive as to this matter in Hongkong. In the first place it is noted that it was on all sides held that the French Law of Associations depriving the Carthusian Monks of their property in France was a penal law; and was not even in France considered to have had any

extraterritorial effect: see report in 1910, 2 A. C. on pages 265, 268 and 271. But to my mind the more I read that case both in the Court of Appeal and in the House of Lords, the more I am impressed with the fact that it really turned upon the possession by the monks of a secret process of manufacture which had not been, and in fact could not have been seized or confiscated under the Law of Associations. That secret the monks retained: without it the purchaser of the business from the liquidator could not carry it on; could not in fact deliver the liqueurs made by the monks and sold by them under their marks. The liquidator never had "the business" to sell; the purchasers could not therefore acquire it. And the American Courts held the same, while the strength of this view of the matter was noted by the Judge who tried the case of *Baglin v. Cusenier Co.*; 156 Fed. and 1016:—Some strength might be found in defendant's argument had the receiver (liquidator) become possessed of the business that produced the product indicated by the trademark. This he did not do. When the monks fled from the rigor of the French Law they took their business with them." See also 27 Halsbury on page 761; note (d) to paragraph 1342. Recently too in England (in a case the report of which I regret I have not before me, but which is given in a full note in *Mews' Digest*, 1922, Col. 338 and *L. R. Digest*, 1922, Col. 538; see also 27 Halsbury Supplement for 1924 on page 1784), it has been held by the Comptroller General of Trade Marks that (1) the consequences of the war legislation of an ally (France) can be enforced in England and cannot, therefore, come within the doctrine of Enforcement of the penal legislation of a foreign country by an English Court; and (2) there being no secret as alleged by the Mumm firm in the process of manufacture of their champagne at Rheims in France, the sale by the sequestrator

of that business under French War legislation carried with it the right to the registration in England of the trademarks formerly registered by the Mumm firm: even though that firm had started business in Switzerland. And Mumm & Co. were refused registration with the new address in Switzerland. In *re* Mumm & Co.'s Application 39, R. P. C. 279, I find it impossible to believe that neither the doctrine as to penal legislation being unenforceable in an English Court nor the case of *Rey v. Lecouturier* were considered by the Comptroller General. Another finding in that case was that the goodwill of the Rheims business, as far as it related to the export trade, was indissolubly connected with the French business. That case is remarkably like the one before me; and it seems to me that, apart from the existence of the Hongkong factory, the Ingenohl mark in England must have been assigned under that judgment to Messrs. Olsen & Co.

#### MESSRS. OLSEN'S RIGHTS IN CHINA

I hold that as far as the market in China is concerned, that contract of sale of January, 1919, intended and purported to convey to Messrs. Olsen & Co. the use and enjoyment in China of the trademarks, such as had been used and enjoyed by the Ingenohl firm as proprietors of the Manila factory up to that time: and that there is nothing in English law to prevent effect being given to that in English Courts; that administering English law here, it would therefore be open to me in proper cases to give protection to those marks as against infringement by British subjects. In other words that, apart from the existence of the Ingenohl factory in Hongkong, protection would be given here at the suit of Messrs. Olsen & Co. for infringement of the marks assigned to them in the sale of January, 1919.

But, says the plaintiff, Ingenohl, "I have a cigar business in Hongkong founded before the war; independent of the Manila business: I have used and am using these marks in connection with my Hongkong factory products; I have made a reputation for them, and I am entitled to protection for their reputation which is being harmed by the user of these marks on the products of a Manila factory." Had the Hongkong factory been started when the Manila factory was seized by the U. S. A. authorities, I doubt not that the Mumm case would have left no claim at all. Does the fact that it was started in 1909 or 1910 make any difference?

I have therefore to turn to the claim here and see what it really is. This is a passing off action: the claim of a trader whose goods (cigars) are being imitated so closely by a rival trader as to lead the public to think that it is purchasing his goods, to have imitation stopped. It is a claim by Ingenohl as the proprietor of the Hongkong factory to prevent the sale in China of cigars under marks leading the public to believe them to be the product of that Hongkong factory. It is not a question of any sympathy for one side or the other: it is a matter of legal right to use the marks; the plaintiff for his Hongkong made cigars and the defendant for his Manila made cigars. I am not aware that any such case has occurred before. It is necessary therefore to consider closely the facts.

#### MANILA REPUTATION FOR HONGKONG CIGARS

There can be no doubt, from a mere glance at the marks as used, that confusion may arise in the mind of a purchaser; one has only to look at Exhibits "AA" and "DD" to see that a man who wants to buy a Hongkong made Perla might get a Manila made Perla, and vice versa. This follows when it is remembered that the marks used by the parties are in fact the same marks:

one is not an imitation of the other. Again it is agreed that the Manila factory is today producing the same article as it produced under the proprietorship of Ingenohl: the articles which earned from 1882 to 1919 the great reputation of these cigars in China, which the plaintiff has endeavored and is endeavoring to transfer to his Hongkong factory and its products. And what is that reputation? It is suggested that it is a reputation of the Ingenohl firm as makers of cigars anywhere; but I do not agree. It seems to me that it is a reputation for the products of a factory in Manila owned by the Ingenohl firm; a reputation for a cigar made in Manila of Manila tobacco at the factory of "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila." And it was this reputation that led to the making of the contract of 1919 (Exhibit "T") for 24,000,000 of these cigars to be supplied in one year for sale in China. It is this reputation that Ingenohl, the plaintiff, seeks to keep for his Hongkong made cigars. I must confess that when one considers the dates in this matter one might have expected the case to be framed the other way: to have had a claim by the Manila factory for protection for a reputation for its products gained since 1882 and not a claim by the Hongkong factory for one gained only since 1910 or 1911.

In order to test the plaintiff's right to relief, I have to consider what happened. For reasons of his own Ingenohl started the Hongkong factory in 1909 or 1910: he used Manila tobacco treated as it was treated in his Manila factory and purchased from there: he manufactured his cigars in the same manner as in Manila. They were marketed at first, for a year or so, as "Grand Asia": but presently he began to use the same marks as he was using for his Manila made cigars: at first without even removing the address of the factory from them: merely putting "Hongkong" in place of "Manila" in two places:

ultimately replacing the address of the factory in Manila by the address of the factory in Hongkong. He also quoted the price of his Hongkong made cigars in pesos, the currency of the Philippine Islands. He called his Hongkong factory "The Orient Tobacco Manufactory, C. Ingenohl, Hongkong": the Manila factory remaining as "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila" and he is insistent that the two concerns are independent of each other, though in the same ownership. It is noteworthy that the three marks in this case: registered originally in Hongkong in the name of Ingenohl's predecessor, the Société Anonyme: were assigned in 1910 to "El Oriente, Fábrica de Tabacos, C. Ingenohl, Manila" in order to protect the products of the Manila factory from imitation in Hongkong: and that while this assignment was going on, other marks were being registered in Hongkong as belonging to "The Orient Tobacco Manufactory, C. Ingenohl, Hongkong." After about one year Ingenohl endeavored to get for his Hongkong made cigars some of the reputation which had been well earned by his Manila made cigars and began to use the same label on the boxes: and it is here that the value of the evidence as to the Hongkong made article is seen. I have considerable doubt in my mind after the evidence of Mr. Wunderlich and the fact that one customer at all events complained about the absence of the word "Manila" from the label, whether it is possible to make the same quality cigars in Hongkong as in Manila, just as it seems one cannot make the same quality cigar in Tampa or Key West as in Havana: and if this is so, the Hongkong made "Perla" is not the same quality as the Manila made "Perla"; it is not for me to say if it is as good or better. But the plaintiff not only used the Manila labels in 1911, or thereabout, for his Hongkong products: in 1919, on failure to sell his stock of labels

printed for Manila, he sent these to Hongkong and had them used for the Hongkong products. And even in 1922, after the sale to Messrs. Olsen, is still quoting prices in pesos: and now his labels (Exhibit "EE") give his address as "El Oriente, Fábrica de Tabacos, Hongkong," which has never been the name of his Hongkong business. There can be no doubt, I think, from the labels themselves that manufacture in Manila forms the main idea underlying the pictorial representations: the scenes depicted, etc., etc.

I am not sure that, under these circumstances and under the authority of the case of *Newman v. Pinto* (4 R. P. C. 516), the plaintiff ought not to be refused the protection he asks in this Court on account of his own conduct: to my mind the labels so often used by him to get a reputation for his Hongkong cigars undoubtedly did represent manufacture in Manila: and save for the address of the Hongkong factory, which does not appear at all in the Register of Trademarks in Hongkong, the labels lead to that idea themselves.

### JUDGMENT FOR DEFENDANT

But the action fails, as it seems to me on another ground: I can see no ground in fact for the suggestion that Messrs. Olsen, by legitimately using the labels of the Manila factory, are in any way "imitating" the labels of the Hongkong factory: they are the proper owners of the labels in the Philippine Islands with the business and reputation attached to them. They in no wise represent to the public that they cover a Hongkong made article: they do not represent to the public that the cigars are made by the Ingenohl firm: they describe themselves, the makers, as the "Successors" to that firm (a requirement, as I have stated, of American law). And I can see nothing to take, in China, from the lawful owner of the Manila factory protection for the reputation of the

products of that factory which he has lawfully acquired nor to give protection to the products of the Hongkong factory at the expense of the Manila factory.

I therefore give judgment for defendants.

Mr. Macleod, for defendants, on the question of costs submitted this was a case in which the special scale under the Rules of Court should be made applicable.

His Lordship.—It seems to me that this case, having taken seven days in argument before me, is certainly one which comes within the Rule. I shall therefore allow costs under the special scale, and to be certified for two counsel. I thank the Bar for the assistance they gave me. Their arguments were not in any way presented at too great length, and they were of very great assistance.



Office Supreme Court, U. S.  
FILED

JAN 20 1927

WM. R. STASSBURY  
CLERK

IN THE  
SUPREME COURT OF THE  
UNITED STATES

OCTOBER TERM, 1926.

No. 174.

CARL FRANC ADOLF OTTO INGENOHL,  
*Petitioner,*

*vs.*

WALTER E. OLSEN & COMPANY, INC.,  
*Respondent.*

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF  
THE PHILIPPINE ISLANDS.

**BRIEF FOR RESPONDENT.**

FREDERIC R. COUDERT,  
FREDERIC R. COUDERT, JR.,  
ALLISON D. GIBBS,  
*Counsel.*

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WALTER E. OLSEN & COMPANY,  
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Respondent.

**BRIEF FOR RESPONDENT.**

**Nature of the Case.**

This case is before the Court on certiorari, granted October 12, 1925, to review a final judgment of the Supreme Court of the Philippine Islands that the petitioner (plaintiff below, and hereinafter termed plaintiff) could not recover of respondent (defendant below and hereinafter termed defendant) the sum of \$26,244.23 Hongkong currency (approximately \$16,000 U. S. currency.)

**Statement of Facts.**

(Agreed Statement R. 143-157).

Respondent is a Philippine corporation engaged in the business of manufacturing and exporting cigars in Manila, 95% of its product being sold in the Far East,

to wit, China, Hongkong, Federated Malay States and Straights Settlements.

Defendant acquired the plant and business it now operates by deed of the United States Alien Property Custodian dated January 25, 1920, the property having been taken over in 1918 from plaintiff in conformity with the provisions of the Trading with the Enemy Act. After acquisition respondent continued the business as theretofore, *i. e.*, the manufacture and export of cigars under the original trademarks.

Plaintiff subsequently brought suit in the Supreme Court of the British Colony of Hongkong to enjoin use by respondent of trademarks theretofore exclusively used in the business.

After instituting suit, but prior to judgment, plaintiff in December, 1920 and March, 1921, having made claim therefor under section 9 of the Trading with the Enemy Act, received from the Alien Property Custodian and receipted for the sum of \$1,511,124.50, being the equivalent with interest of the purchase price of the property sold to defendant as aforesaid.

At the time plaintiff accepted the proceeds of sale from the Custodian he knew that defendant had been selling the product of its factory in the old markets under the original tradenames and trade-marks.

The trade marks referred to in the Hongkong decree depicted scenes and public monuments in the Philippine Islands. They appear in the record and are fully described (R. 185-189).

Thereafter, in May, 1922, the Supreme Court of Hongkong rendered judgment declaring plaintiff to be sole proprietor of the trade-marks there in issue, enjoining defendant's continued use thereof and taxing costs against defendant in the sum of 26,244.23 dollars, Hongkong currency, the equivalent in U. S. currency being less than \$16,000.

Plaintiff thereupon commenced an action in the Court of First Instance for the City of Manila for the sole purpose of recovering the costs taxed in the Hongkong decree, and obtained judgment therefor (R. 2-4). On appeal the judgment was reversed, the Supreme Court of the Philippine Islands holding that the Hongkong decree was clearly erroneous and should not be followed in the Philippine Islands (R. 258).

In a similar suit brought by plaintiff in the British Consular Court for China in Shanghai, defendant's right to use of the trade-marks for all of China except the Colony of Hongkong was established (155 North China Herald 154 N. S. App. A.) 'An interesting account of British consular jurisdiction is found in Tootals Trust 23 Chancery D. 1, pp. 532-542 (1883).

Thus we have the anomalous spectacle of a British Court in Shanghai reaching conclusions which squarely conflict with those of a British Court in Hongkong, on an identical state of facts. Moreover, the Shanghai Court had before it both the Hongkong decision and that of the Supreme Court of Manila. The material facts set out in this Record are admirably stated in the Shanghai opinion (Appendix A) and they will be here briefly summarized.

From 1882 to 1906 the Manila plant and business now owned by defendant had constituted the sole and entire business of a Belgian corporation. In 1906 said plant and business were transferred to plaintiff and the business continued by him until 1918 under the style of "El Oriente Fabrica de Tabacos, C. Ingenohl, Manila."

In 1908 plaintiff opened a Hongkong factory for the manufacture and sale of cigars, which were composed in part of tobaccos supplied by the parent factory in Manila and in part of tobacco wrappers imported from Java. *The product of the Hongkong plant was thereafter sold concurrently with the output of the Manila plant*

throughout the Far East under the trade-names and trade-marks except that on one of the outside labels of each box or package containing the output of the Hongkong plant there appeared, in addition to the original Manila trade-marks, the words "*El Oriente Fabrica de Tobaccos Hongkong, Sucursal de la Fabrica en Manila*" (subsidiary of Manila factory).

At no time did plaintiff own or operate factories other than those at Manila and Hongkong.

In 1918 the Alien Property Custodian, pursuant to the requirements of the Trading with the Enemy Act, duly seized and upon sale duly transferred to defendant

"All and singular the property, real and personal, rights, claims, titles, interests, effects and assets of every kind and description whatsoever (except only as specifically reserved and excepted hereinafter), wheresoever situate in the Philippine Islands, and all incidents and appurtenances thereto, including the business as going concern and the good-will, trade names and trade marks thereof, of *Syndicat Oriente*, a company formed under the laws of Belgium with its registered office in Antwerp, Belgium, and heretofore doing business in the Philippine Islands under the name '*El Oriente, Fabrica de Tabacos, C. Ingenohl*.' "

It is conceded on the Record that the seizure was validly made as to all the property described in the deed of transfer which expressly included the trade-marks (R. 21; 145).

### **Defendant's Contentions.**

I. This court is without jurisdiction, because the amount involved was less than the statutory sum required. Neither the Constitution, a treaty, nor a statute of the United States is in question, hence the case must be dismissed for lack of jurisdiction.



II. Assuming that this court, nevertheless, assumes jurisdiction, the Hongkong judgment was not binding and conclusive upon the Philippine court, and the Supreme Court was within its jurisdiction in refusing to hold itself bound by the judgment of the Supreme Court of the Colony of Hongkong. The Philippine jurisdiction, like that of any State or other organized territory of the United States, is entitled either through its statutes, as here, or by its judicial decisions, to determine the precise weight to be given to foreign judgments. The question was within the complete competency of the Philippine courts and involved no conflict with the Constitution, the Federal law nor with any over-riding doctrine of the United States Supreme Court on the subject.

III. Upon the merits of the case the Philippine Supreme Court was correct, as was the British Court in Shanghai, in holding that the defendant in purchasing the Manila business was entitled to the trade-marks inseparable from that business. No question of the authority of the Custodian to seize and sell such business has been, or can be, raised by plaintiff who conceded the validity of the seizure and who claimed and accepted \$1,511,124.50 as the proceeds of such sale.

IV. *On the merits* the sole question turns upon the interpretation to be given to the transfer by the Alien Property Custodian to defendant as *bona fide* purchaser for value from the representative of the United States. The language of the conveyance by which this exporting business was sold to defendant together with the stipulated facts in the case demonstrate that the trade-marks were an integral, essential and dominant element in the Manila business as a going concern and appurtenant thereto. To segregate such trade-

marks was to render the business practically worthless, (95% loss), and to ruin the innocent purchaser who had parted with over \$1,500,000.

V. If plaintiff's contentions be sound, he received more than \$1,500,000 for 5% of his business, while retaining the other 95%. Upon such assumption the leonine nature of the transaction in favor of the plaintiff does not justify the rhetoric sympathy lavished upon him as a poor Belgian in the erudite and forceful brief of his distinguished counsel.

## **ARGUMENT.**

### **POINT I.**

**The jurisdiction here must be founded upon the statutory amount, as appears from the stipulated facts, no statute, treaty or clause of the Constitution of the United States is in any way involved.**

This is a simple suit upon a judgment for an amount of less than \$16,000 (31,099.46 pesos Philippine currency). Plaintiff contends that costs were given against defendant because the Hongkong court adjudged that he was not the owner of the trade-marks in question and consequently the ownership of the trade-marks is logically involved in the judgment. He thus invokes the jurisdiction not because of the statutory amount but because the *ratio decidendi* involves larger considerations.

Even if this were logically sequent, it is jurisdictionally nonprobative. *The statute is mandatory and fixes as the jurisdictional criterion that "the value in controversy exceeds \$25,000,"* not the potential or possible

value but the actual mathematical coin value. (Secs. 7 and 8 of Act of Feb. 13, 1925, 43 Stat. 940). There was here no other question, because plaintiff admits that the trade-marks in and for the Philippine Islands passed under the assignment of the Custodian. Hence plaintiff was necessarily restricted to the claim for the amount adjudged for costs by the Hongkong judgment.

The precise amount in question being the sole justiciable question, this court is not called upon to exercise jurisdiction; the reasoning of the Hongkong judgment resulting in the \$16,000 costs to the defendant is, jurisdictionally speaking, irrelevant. In the absence of statute, treaty or a constitutional question, the court cannot exercise jurisdiction save where more than \$25,000 is involved. Here the amount demanded is only \$16,000, the counterclaims having been dismissed, are no longer in issue, hence certainly and mathematically the court is without jurisdiction.

*Hilton v. Dickinson*, 108 U. S. 165.

Waiving, however, this apparently obvious disposition of the jurisdictional question, plaintiff, unless he is prepared to admit that the decision of the Supreme Court of the Philippine Islands has force and effect in Hongkong and in China, cannot claim that the general right to the use of these trade-marks was involved in the Philippine suit. Such a claim would obviously be in contradiction to his major proposition that this is a suit upon a judgment for \$16,000 which judgment must be respected as such.

The argument is, however, made by plaintiff, (brief, p. 10), that the construction of three statutes is involved in the case.

The first statute for which this claim is made is the Trading With the Enemy Act. It is said that this act

"did not authorize the Alien Property Custodian or his representative, acting for the President, to sell trade-marks without having first seized them by filing an order of seizure in the Patent Office at Washington, D. C."

The answer to this suggestion is the reading of the statute. Denuded of unnecessary language not applicable to this case the Trading With the Enemy Act, (40 Stat. 1020), reads as follow:

"(c) If the President shall so require any money or other property including copyrights \* \* \* shall be conveyed, transferred, assigned, delivered \* \* \* to the Alien Property Custodian \* \* \* and disposed of as elsewhere provided in this Act.

"Any requirement made pursuant to this Act \* \* \* *may* be filed, registered or recorded in any office for the filing, registering, or recording of conveyances, transfers, or assignments of any such property rights as may be covered by such requirement (including the proper office for filing, registering, or recording conveyances, transfers, or assignments of patents, copyrights, trademarks, or any rights therein or any other rights); *and if so filed*, registered, or recorded shall impart the same notice and have the same force and effect as a duly executed conveyance, transfer, or assignment to the Alien Property Custodian so filed, registered, or recorded." (Italics ours) (Fed. Stat. Ann.—1919, Suppl. 355.)

The language of the statute, which is too obvious to require construction, demonstrates that the Alien Property Custodian was as to trade-marks *permitted* to register the same when acquired under the Trading With the Enemy Act and such permitted, not compulsory registration, would have the usual effect. In other words, it was a merely permissive and in no way mandatory enactment.

It is elementary that a trade-mark is not created by the registration which is no more than *prima facie* evidence of ownership. (Sec. 16, Trade-Mark Act of Feb. 20, 1905, 33 Stat. 728.)

A trade-mark is a property right and the whole system of "trade-mark property" existed anterior to the Federal Trade-Mark Act. That Act had not created rights, but merely furnished a machinery for more effective protection for antecedently existing rights. In other words, it was a Federal Recording Act, not a legislative enactment giving birth to a new class of property. (*Trade Mark Cases*, 100 U. S. 82. See also *International News Service v. Associated Press*, 248 U. S. 215, 236). Consequently the first statute evoked by plaintiff as conferring jurisdiction speaks for itself in absolute negation of the claim.

It will be noted, moreover, that the Alien Property Custodian duly required to be conveyed and transferred to him the trade-marks in question (R., 145, 21). This was sufficient to vest in him title to the property. (Sec. 7 (c) Trading with Enemy Act amended Nov. 4, 1918.)

Learned counsel for plaintiff, (brief, page 21), states:

"The 'requirement' or order of seizure of trade-marks *shall be filed* in the 'proper' office for the registration and recording of assignments of trade-marks and that if so filed, such an order of seizure shall have the same force and effect as a duly executed assignment of the trade-marks."

This is evidently due to misapprehension or misreading of the statute, as, even assuming the applicability of the Federal statute to the Manila trade-mark, the wording of the statute is "may" while that of the plaintiff's brief is "shall." The one is permissive, the

other is mandatory. The language of the statute does not affect the title received by the assignment from the Alien Property Custodian. The "shall" of counsel might perhaps do so, but we rest our case upon the precise language of the statute as well as the nature of trade-marks, and can find nothing in the context of the "may" or the nature of registration which requires it to be transmuted into a "shall."

Plaintiff further claims that the Organic Act of the Philippine Islands is in conflict with Section 311 of the Code which prescribes the weight to be given to foreign judgments. A recital of this section appears to us to show the claim as wholly fanciful. That statute reads as follows:

"Sec. 311. Effect of other foreign judgments. —The effect of a judgment of any other tribunal of a foreign country, having jurisdiction to pronounce the judgment, is as follows:

1. In case of a judgment against a specific thing, the judgment is conclusive upon the title to the thing.

2. In case of a judgment against a person, the judgment is presumptive evidence of a right as between the parties and their successors in interest by a subsequent title; *but the judgment may be repelled by evidence of a want of jurisdiction, want of notice to the party, collusion, fraud, or clear mistake of law or fact.*" (Italics ours throughout.)

We are unable to discover any foundation for the contention that there is something so anomalous, revolutionary, or unusual in this statute as to place it beyond the power of the Philippine Government to enact. As appears, it was originally taken from the California law, represents the older English doctrine, and is a matter entirely within the competency of any local

jurisdiction, State or Territorial. If we are right in this, the claim of plaintiff that the jurisdiction of the Supreme Court is based upon the invalidity of Section 311 as *ultra vires* is without basis.

A further suggestion is adumbrated in plaintiff's brief that the international comity of the United States is involved. "International comity," a phrase vague, unscientific and by modern jurists repudiated, has never yet served as a basis for declaring invalid a local statute enacted by the local legislature for the territory over which it had jurisdiction. The Philippine jurisdiction constitutes a territorial unit possessing a single body of law, distinct from the law of any other territorial unit. It is in fact a state in the conflict of laws sense. (Proceedings of the American Law Institute, 1926.)

It is submitted that the three foregoing questions raised by plaintiff are thus wholly without substance and should be disregarded as merely colorable attempts to raise jurisdictional questions.

*Adams v. Russell*, 229 U. S. 353; and  
*Western Union Tel. v. Ry.*, 178 U. S. 243.

It therefore appears plain that the only question necessarily involved in this controversy is as to whether plaintiff is entitled to \$16,000, since in no event, could the Philippine court have awarded him more than that. There is then involved no question of any statute or treaty and past decisions of this court have indicated the tendency not to be astute in discovering possible reasons for the assumption of jurisdiction in Philippine cases where less than the statutory amount was involved.

Plaintiff assumes that

"As this Court granted this certiorari, although its right to do so was challenged in de-

fendant's brief in opposition, we assume that it has already determined this question of its jurisdiction • • •" (Petitioner's brief, p. 11).

We find nothing in the utterances of this court to indicate that the granting of certiorari determines the question of jurisdiction, or any other question which may be raised in the case.

We, therefore, confidently insist that neither statute, treaty, nor the United States Constitution are involved in this case and that in pursuance to the precise language of the statute and the settled judicial policy of this court there exists no jurisdiction to review this decision of the Supreme Court of the Philippine Islands.

## POINT II.

**The Philippine Court was justified in re-examining upon the merits the Hongkong judgment.**

Such judgment was not conclusive as to the merits. The statute upon which the Philippine Supreme Court based its judgment is Section 311 quoted above which provides that a foreign judgment is presumptive evidence, but may be questioned for "clear mistake of law or fact."

The law of foreign judgments is one that has long puzzled not only our courts, State and Federal, but also European judges and jurists. It has been in a formative stage for more than a century. It is only within the last two years that the Institut de Droit International, after debating the question at various sessions extending over a generation, decided to make certain partial recommendations regarding the force to be given to foreign judgments (Annuaire, 1914).



The English courts have given varying decisions, their earlier decisions being in accord with the Philippine statute, their later decisions indicating the view that foreign judgments, where jurisdiction existed and fraud was absent, should be held conclusive. (Freeman on Judgments, 4th Edition, §149.)

The French courts have retained the right to re-examine judgments upon the merits. Many of the nations of Europe have joined in conventions giving special sanction to each others judicial acts. This court, in the famous case of *Hilton v. Guyot*, (159 U. S. 113), after a full review of the authorities, inclined to the doctrine that the force to be accorded foreign judgments should be based upon reciprocity. This doctrine is, we presume, binding upon the lower Federal courts, but it does not constitute a rule of law for the States or Territories of the United States.

The whole question is one of jurisprudence or judicial usage to be determined in each jurisdiction either by statute, or in the absence of statute by judge-made law. The New York courts have recently gone further than this court and have adopted a doctrine more favorable to foreign judgments than that enunciated in *Hilton v. Guyot*, *supra*.

*Johnson v. Transatlantic Co.*, 242 N. Y. 381.  
*Cowans v. Ticonderoga Co.*, 127 Misc. Rep. 898.

Other States have taken different views as learned counsel claims: California has now changed its Code from which Section 311 was copied and has adopted a doctrine more in conformity with that of *Hilton v. Guyot*. All of which furnishes infinitely interesting matter for the jurist and student of international private law.

It would of course be desirable to have one rule prevailing in the civilized world; this has been the hope of

legal writers for generations past. Some approximation has been made to this idea, but as yet neither by international treaty, nor by uniformity of State statute, nor Federal legislation, are the States or the Territories bound to any particular doctrine.

The Philippine Government as much as the Government of the State of California or the Province of Quebec (see *Cowans* case *supra*) was entitled to enact into statutory form its own rule as to conflict of laws in reference to foreign judgments. By such statutes its courts are bound. In the absence of such statute they would have been at full liberty to evolve a judicial doctrine of their own which might, or might not, have been in conformity with the doctrine of this court or of that of any other State of the Union.

We have no doubt that even in the absence of statute the question would have been within the complete competency of the courts of the Philippine Islands. These courts are courts of a local Government under the sovereign dominion of the United States. They evolve their own legal doctrines in conformity with their own precedents, whether those of the civil or common law and are not bound, save in Federal matters, by the general jurisprudential doctrines of this court. The authority to be accorded to foreign judgments is, in the absence of statute, a matter to be decided by each local jurisdiction for itself.

We can find no reason or precedent in the history of the Conflict of Laws or in legal analogy for denying to the Government of the Philippine Islands the right, either by statute or through judicial decision, to adopt such rule of law as to foreign judgments as it wills.

Plaintiff may question the wisdom and deride the illegal and archaic character of the doctrine embodied in Section 311, but whether that doctrine is wise or unwise, modern or ancient, out of accord with the later English doctrines or in accord with that of tribunals of

France, Spain, Canada or elsewhere, is not a matter for the determination of this court.

Under Section 311 the court had power to re-examine the merits of the case decided by the Hongkong court because the court, whether by majority or unanimity is immaterial, believed that judgment to be based upon a clear mistake of law or fact.

Plaintiff further seeks to maintain the Hongkong judgment as conclusive on the ground that it deals with a *res* or specific thing, and is hence validated by Paragraph 1 of Section 311 providing that:

“In case of a judgment against a specific thing, the judgment is conclusive upon the title to the thing.”

Interpreting the trade-marks as a “thing” or “*res*” and *then* locating them in Hongkong, counsel draws the ingeniously specious conclusion that the Hongkong judgment was one *in rem* and hence valid throughout the world and consequently in the Philippine Islands.

This subtle argument was apparently not advanced or considered by the British court in Shanghai which, as between the two judgments, held with the Philippine Supreme Court and against its brother court in Hongkong.

Plaintiff's argument is unsound because it assumes the whole question, to wit, the existence of the trade-marks as tangibles or quasi-tangibles separated from the Manila business *and located in Hongkong*, where, like a house or a ship, they became subject to the Hongkong jurisdiction, while the very question in this case is whether these trade-marks belonged to and constituted part of the Manila business sold to defendant by the Alien Property Custodian.

Plaintiff thus by assumption going to the root of the case founds jurisdiction over the trade-marks as

a *res* in Hongkong. This reasoning from a fiction to a fallacy is of course a circle as inadmissible in law as in logic.

The defendant claims to have purchased for \$1,511,124.50 from the Alien Property Custodian a going concern, whose almost entire business consisted in exporting to China and elsewhere cigars manufactured in Manila. The conveyance by which the Alien Property Custodian transferred this property to defendant included "the business as going concern and the good will, trade-marks and trade-names thereof."

The sole question on the merits of this case is whether the business as a going concern and the trade-marks of the Syndicat Oriente included the good will and trade-marks in Hongkong as well as elsewhere, where this company had for years sold its products. The question cannot be resolved by the easy assumption that the goodwill and trade-marks in Hongkong constituted a *res* in that jurisdiction and hence conferred jurisdiction upon the Hongkong court.

Plaintiff claims that:

"The issue in the Hongkong case was the property right in a 'thing' to wit, certain trade-marks and the plaintiff was adjudged to be the owner of the 'title' " (Petitioner's brief, p. 29).

The issue of the Hongkong case was rather as to the effect of the transfer by the Alien Property Custodian: did it actually include the good will and trade-marks of the Manila business? If such good will and trade-marks inhered in the business, (*haerent in ossibus*), they belonged to the defendant. If they were quasi-tangibles situate abroad, the situation might be otherwise. Section 311 cannot be nullified by assuming the Hongkong judgment to have been sound, and then in turn resting the soundness of the Hongkong judgment upon Section 311.

Learned and eminent counsel is thus forced to go the length of claiming Section 311 void "because it was in conflict with the Organic Act and the international comity of the United States."

### POINT III.

**Section 311 of the code is not in conflict with the Organic Act or with the International Comity of the United States. It lay within the power of the Philippine jurisdiction to adopt for its own territory and within its own domain any rule or doctrine that it chose in regard to the efficacy of foreign judgments.**

This matter has been discussed in Point I. It has been shown that the Philippine legislature or the Philippine courts were entirely free to adopt any view regarding foreign judgments that they deemed expedient. The court acted under a statute which had adopted the doctrine formerly prevalent in England (Westlake, Private International Law, §329) and still in conformity with that of some other nations of the civilized world as well as with the older doctrine generally prevailing in the States of the United States.

There is no conflict here with the Organic Act giving to the Philippine Islands general powers of local self-government (39 Stat. L. 545); nor is there any conflict with the Constitution of the United States which under no possible interpretation fixes any criterion by which the courts must be governed in reaching conclusions as to the effect to be given to judgments rendered in foreign nations. No question arises under the Fourth Clause of the Constitution according full faith and credit to the judicial acts of sister States.

Learned counsel forcefully indicates the desirability of giving full faith to the judgments of the courts in the English-speaking world and ably argues for the conclusive effect of a final foreign judgment of the British courts whose learning and intellect have long been the model and the inspiration of the common law world.

Readily conceding the soundness of this fine sentiment, it becomes of less help where British courts differ *inter se*.

The dignity of the Shanghai tribunal which sustained the position of the Philippine Court is not inferior to that of the tribunal of Hongkong; upon appeal the respective judges of three Courts sit in *banc*, and hence we see no over-weaning motive in inclining to the British court which decided in favor of the plaintiff's contentions rather than with that of the equally august court which sided with the defendant's contentions and with the Supreme Court of the Philippine Islands. Both the Hongkong and Shanghai judgments would be foreign judgments in Westminster Hall.

*Piggott on Exterritoriality*, p. 261.

The merits of this interesting case are now on appeal before the Privy Council of Great Britain, the appeal having run from the Shanghai judgment. Should the Privy Council decide in accordance with the judgment of the Philippine Supreme Court, and should the Philippine Supreme Court be reversed by this court, the situation would be wholly peculiar and anomalous.

The Philippine Supreme Court was interpreting its own statute. Its interpretation of such statute will only in exceptional situations be reviewed by this honorable court (*Phoenix Ry. Co. v. Landis*, 231 U. S. 578). The statute gave power to review the judgment of the

Hongkong court. This power the Supreme Court of the Philippine Islands has exercised, and there is nothing in the Constitution of the United States or in international usage contrary thereto.

"International comity," which indicates the attempt by the courts to find a single law governing a relationship and thus to avoid conflicts, is a judicial doctrine determinable in each jurisdiction by the courts of that jurisdiction in the absence of statutory prescriptions. There is no Federal judicial rule of international comity as to foreign judgments other than the rules adopted by this court or by the other Federal courts which may be binding upon them in purely Federal cases or where there is no local statute or local governing jurisprudence. The Philippine statute cannot be invalidated by the invocation of a proposition of doctrinal jurisprudence.

It is, therefore, obvious that Section 311 was a valid statute, neither unconstitutional nor contrary to the Organic Act of the Philippine Islands, and that the Philippine Supreme Court was governed by it and was authorized to review the judgment in question.

#### **POINT IV.**

**The Philippine Supreme Court was justified in holding the judgment of the Hongkong Court "a clear mistake of law or fact."**

It is insisted by learned counsel for plaintiff that the matter was not "clear" because there was dissent in the Philippine courts. This would appear quite inadmissible. The judgment of the Philippine court, whether by majority or otherwise, has held that there was a clear mistake of law or fact, and it is not for this court to pass upon the precise degree of clarity required

by the statute, or to substitute for the judgment of the Philippine court its own view as to whether or not the mistake was clear. It is sufficient that to a majority of the Supreme Court it appeared "clear" that "the Hongkong judgment" was erroneous.

Assuming the jurisdiction of the Philippine court to weigh the Hongkong judgment on the merits, the factual situation must be taken into account. Without reiterating the statement of facts as set forth in this brief certain salient facts stand forth as demonstrating that the conveyances of the Manila business included the trade-marks. These salient facts are:

(1) That the Manila business was almost wholly an export business, (95%). It had since 1882 operated mainly in the Far East. It had continued to sell the bulk of its output there down to the date of the Hongkong suit. The Hongkong factory was a branch of the Manila factory, and the very trade-marks used in the Hongkong factory denominated it as a branch (succursal) of the Manila business. The transfer of an export business shorn of the rights to export is a mere simulacrum of a sale (R. 147, 150, 151, 154).

(2) That the trade-marks in question were Manila trade-marks depicting Manila scenes and Manila localities. The other trade-mark used by plaintiff while he controlled the Manila business was stamped as "branch of the factory in Manila" (R. 148-151).

(3) That the Manila factory is today producing the same cigars as it produced under the proprietorship of Ingenohl. This was the article which earned from 1882 to 1919 the great reputation for these cigars in China. This is the reputation which the plaintiff is endeavoring since the transfer of the Manila factory to



transfer to his Hongkong factory and its products. *The reputation of the cigars was wholly made by the factory in Manila.* Many millions of these cigars made by this factory have been supplied for sale in China (24 million in one year). The Manila business has been in operation since 1882; the Hongkong branch factory only began in 1910. The labels themselves indicate the continuous manufacture in Manila both graphically and pictorially; *res ipsa loquitur*.

The special attention of this Court is called to the Shanghai judgment, (printed for the convenience of the Court as an appendix to this brief). It was evidently argued with great fullness as counsel consumed seven days in the argument and the court did not think that time too great (Appendix, p. 47).

Plaintiff relies mainly, as did the Hongkong Court upon the decisions of this court and of the English Court of Appeal in the famous Chartreuse Cases.

*Baglin v. Cusenier Co.*, 221 U. S. 580; and  
*Rey v. Lecouturier*, 1910 A. C., 362.

These cases are plainly distinguishable from the case at bar upon the following grounds:

(a) The French statute was a "law of exception and police" directed against certain religious congregations or associations on the ostensible ground that they were plotting the destruction of the Republic and the execution of such legislation constituted "Acts of State." The property of the congregations was ruthlessly taken without compensation. These laws were in their nature, and were held by the French Court to be, strictly and purely applicable to the territory and dealing only with the physical property of the associations aimed at by the confiscatory provisions.

*James & Co. v. Second Russian Insurance Co.*,  
239 N. Y. 257.

(b) The French Court refused to hold that it was intended by the French statute that it should have any effect whatever other than upon the physical property situate in France. (221 U. S. 594-595).

(c) *The product made by the liquidator was not the product of the monks. That product was the resultant of a secret process which remained known only to the monks.* The product of Lecouturier, the liquidator, was not Chartreuse as that had been known to the world heretofore. It would have been a fraud upon the public to allow the liquidator, who was endeavoring to imitate the real liqueur of "la Chartreuse" to impose his article upon the public. Even in France itself the two liqueurs were kept distinctly separate; the one as that of the monks, the other as that made by the liquidator.

The moral and legal conclusions of this fundamental fact were naturally found by this court:

"That business is being conducted according to the ancient process by the Monks themselves. The French law cannot be conceived to have any extra-territorial effect to detach the trade-marks in this country from the product of the Monks, which they are still manufacturing."

\* \* \* \* \*

"If through his experiments the liquidator had not succeeded in making a liqueur which resembled that of the Monks, he would have had no business to transact so far as the liqueur was concerned and the transfer by operation of law would not have availed to give him one. But the property in the trade-marks in this country did not depend upon the success of the endeavors of the liquidator's experts. *The Monks were en-*

*abled to continue their business because they still had the process, and continuing it they enjoyed all the rights pertaining to it, save to the extent to which, by force of the local law, they were deprived of that enjoyment in France."* Italics ours.

*Baglin v. Cusenier Co., supra.*

The same may be said of the results reached by the English Courts and which led the Shanghai Court to say:

"But to my mind the more I read that case both in the Court of Appeal and in the House of Lords, the more I am impressed with the fact that it really turned upon the possession by the monks of a secret process of manufacture which had not been, and in fact could not have been seized or confiscated under the Law of Associations. That secret the monks retained; without it the purchaser of the business from the liquidator could not carry it on. could not in fact deliver the liqueurs made by the monks and sold by them under their marks. The liquidator never had "the business" to sell; the purchasers could not therefore acquire it. And the American Courts held the same, while the strength of this view of the matter was noted by the Judge who tried the case of *Baglin v. Cusenier Co.*, 156 Fed. and 1016."

The Shanghai Court then notes the real analogy between the case at bar and *Mumm & Co's*. Application 39, R. P. C. 379. It was there held that the war legislation of France which transferred the famous Rheims champagne business to *Mumm & Co.* also transferred the good-will of the Company "as far as it related to the export trade" because "indissolubly connected with the French business".

"As regards this question there can be no deception or confusion inasmuch as the Trade-

Marks mean and always have meant that the wine is the manufacture of the firm at Rheims; and this manufacture will be carried on as before by the successors of the business. *There is no secret in the manufacture of champagne, though admittedly much depends upon special traditions and upon knowledge and experience in the selection of grapes, the blending of the wine, the liqueur used, etc. This knowledge and these traditions the Société possess through the records they have obtained in the sale and through the experienced managers and workmen who have remained in their service. The Chartreuse case is consequently not in point, as in that case there was a real secret and the business was held to be one which could only be carried on by a special order of monks possessing that secret."*

*Mumm & Co's. Application; supra.*

It thus appears that while the liquidator, Leconturier, did not, could not, and did not even claim to make Chartreuse as the monks made it, defendant herein admittedly made the cigars which had always been made by the Manila factory and which had acquired the reputation in question.

The factual difference between the two cases would seem to be of so fundamental a character as to render extended discussion a work of supererogation. The trade-marks in question were an inseparable part of the Manila business. They constituted the main element in the good will of that export business and without these marks that good will ceased to exist. To excise such trade-marks from the sale made to defendant by the Alien Property Custodian must mutilate the business beyond recognition.

If the sale had been made under the explicit condition that the purchaser should have no right to ex-

port the cigars theretofore sold abroad, the mere congeries of buildings and machinery passing under the sale could scarce have sold for any substantial sum. The deed of the Custodian was as complete and effectual as a voluntary transfer by the owner of the business and must have conveyed all trade-marks.

*Koppel v. Orenstein & Koppel*, 289 F. 446.

Trade-marks such as those in the case at bar are too inseparably linked with the business to allow of their separate existence when detached from that business.

*Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403, 413.

*Falk v. American West Indies Trading Company*, 180 N. Y. 445.

The decision of this court in *Bourjois & Co. v. Katzel*, 260 U. S. 689 is wholly consistent with the view there maintained. It was there held that the trade-mark registered in the United States Patent Office had become appurtenant to the local American business and that such trade-mark was sold, and could only be sold, with the good-will of the business that the plaintiff bought.

The trade-marks here were inseparable appurtenances to the Manila business by which they had been created, through which they had grown to great proportions and with which they had become indissolubly linked. Unless in fact they had become detached from Manila they could not begin to have a separate, distinctive and competitive character. Certainly the burden was on plaintiff herein to prove that the trade-marks were no longer appurtenant to Manila. The record is barren of any such proof. *It is conceded that at all times both factories' products were concurrently sold in the same markets. This fact negatives the possibility that*

*as to any given territory the trade-marks had become associated with Hongkong so as to supersede Manila.*

The Philippine judgment does no injustice to Ingenohl. He never repudiated or attacked the sale by the Alien Property Custodian. He applied for the proceeds thereunder and promptly received them in the amount of \$1,511,124.50. Having received the proceeds of the sale, he now claims that all that the Custodian sold was 5% of the business and that he now owns, in conformity with the Hongkong judgment, 95% of the business. Such a claim is on its face leonine and evokes no sympathetic response.

Plaintiff thus paid over one million and a half dollars for an exporting business which could not export, a going concern which could not go. It is, therefore, of little wonder that the Shanghai Court says:

*"It is this reputation that Ingenohl, the plaintiff, seeks to keep for his Hongkong made cigars. I must confess that when one stresses the differences in this matter one might have expected the case to be framed the other way; to have had a claim by the Manila factory for protection of a reputation for its products gained since 1882 and not a claim by the Hongkong factory for one gained only since 1910 or 1911."*

The persuasive eloquence of distinguished counsel in evoking sympathy for Ingenohl must fail in view of the salient facts of the case. This plea of "the poor Belgian" for sympathy by reason of the seizure of his property by the Alien Property Custodian is adequately answered by the statement of the Supreme Court of Shanghai:

*"This matter, (title to the trade-marks) is important to the parties concerned. It is shown by the facts that the output of the cigar factory in Manila used to be from thirty to forty million cigars a year. The present owners of*

*that factory asked for the supply to one distributing agency in China of twenty-four million cigars in one year, and the dispute of these trade-marks has been one of the contributing causes of failure, and a heavy failure, to Messrs. Olsen & Co., the present owners of the factory."*

If there has been any such spoliation as excites distinguished counsel to compare the story of Ingenohl to that of "Naboth's Vineyard," the spoliation and destruction would seem to be the other way around.

If the Hongkong judgment was right, the Alien Property Custodian sold to defendant the husks and reserved for Ingenohl the kernel of the business with an added \$1,500,000 to further aliment such business. Well may Ingenohl have welcomed the intervention of the Alien Property Custodian resulting in his retaining 95% of his business, receiving this very considerable sum of money and leaving defendant to failure because he had relied upon the conveyance of an export business as a going concern, only to learn that the concern could not go anywhere.

The Hongkong consumer says plaintiff's counsel speaking of the Hongkong judgment

"should not be imposed upon by a cigar, which they had long bought under a given trade-mark as the product of Ingenohl, when in fact, it is no longer manufactured by Ingenohl" (Petitioner's brief, p. 46).

Quite the contrary since the cigar was always the product of Manila and of the Manila factory, and the Manila factory without its good will and trade-marks was a carcass without a soul, a thing without value, the transfer by the Alien Property Custodian to defendant a mere scrap of paper for which he parted with \$1,511,124.50 and started on the road to commercial ruin. The Supreme Court of Shanghai, differing from dis-

tinguished counsel for appellant, is quite right in concluding, that:

“This case is not a question of any sympathy for one side or the other. It is a matter of legal right to use the marks.”

### CONCLUSION.

- (a) The court was without jurisdiction, the amount not exceeding \$25,000.
- (b) The Hongkong judgment was reviewable on the merits by the Philippine courts under Section 311 of the Code of Procedure.
- (c) The judgment of the Supreme Court on the merits was justified. The assignment by the Alien Property Custodian must, upon the facts of this case, be held to include the good will and the trade-marks of this great export business everywhere.
- (d) No question arises as to the validity of the seizure, (*Central Trust Company v. Garvan*, 254 U. S. 554).

Ingenohl never has questioned its validity and was content to receive the proceeds of the sale. Counsel cannot advance his case by now attacking the seizure. The Alien Property Custodian did sell and had power to sell these trade-marks. He sold all the trade-marks that belonged to the business and were inherent in and inseparable from it as a great exporting concern.

The Hongkong judgment was wrong and was properly reviewable upon the merits by the courts of the Philippine Islands.

January 15, 1927.

FREDERIC R. COUDERT,  
FREDERIC R. COUDERT, JR.,  
ALLISON D. GIBBS,

Counsel.



**APPENDIX "A"**

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**Decision of the British Supreme Court  
of Shanghai**

(as reported by *The North-China Daily News* of Shanghai, Thursday, April 23, 1925.)

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155 N. C. Herald, 154 (New Series)

**MANILA CIGAR TRADE MARKS CASE**

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Sequel to an Enemy Property Sale: Belgian Plaintiff  
and American Defendant in H. M. Supreme Court.

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**DEFENDANTS' TRADE MARK RIGHTS IN CHINA.**

Judgment in the action brought by Mr. Carl Ingenohl, a Belgian subject, against Messrs. Wing On, of Shanghai, a British Company, to restrain the latter from using certain cigar trade marks, was given in H. M. Supreme Court yesterday by his Honour, Judge Sir Skinner Turner.

At the outbreak of war in 1914, plaintiff was the proprietor of an extensive cigar manufacturing business in Manila and, as it was understood he was a German subject, the property passed into the possession of the American Custodian of Enemy Property and was in due course sold to Messrs. Olsen & Co., an American corporation. Plaintiff subsequently established the fact that he was a Belgian subject, and accordingly the sale price of the business was refunded to him. His present claim to exclusive use of the original trade marks is based on the contention that, with the sale of

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the property to Messrs. Olsen, only the rights to the usage of the trade marks in the Philippine Islands passed to them, and that no extra-territorial rights to their use were conferred. The action was brought against Messrs. Wing On as being the sole, or principal, distributors of the cigars in China for Messrs. Olsen, the trade being a very extensive one, many millions of the cigars in question being annually imported.

Mr. Duncan McNeill appeared for plaintiff and Mr. R. N. Macleod for defendants.

#### AN UNUSUAL ACTION.

His Lordship said:—This is an important and, in many respects, novel action. It arises out of the war measure taken by the U. S. A. in the Philippine Islands, and considerable consequences are involved. In one aspect or another of the dispute, the parties have been before the Supreme Court in Hongkong and the Courts (including the Appeal Court) in Manila, and differences of judicial opinion have been shown. The case in Hongkong is reported in 17, Hongkong L. R. 4, (1922), and that judgment is now final: in Manila the Court of Appeal decision has been made (Exhibit "S") in this case, and I am told it is under a further appeal. Of course neither of these decisions is binding upon this Court, but both are to be treated with that respect and courtesy which is always shown to the judgments of a foreign Court of competent jurisdiction.

In the case before me the position is peculiar: this Court sitting under a Treaty with China exercises jurisdiction at the suit of nationals of all countries over British subjects; and we find here a British Company (Wing On Co., Ltd.) as the (nominal) defendants. But the real party to the action is Messrs. Walter Olsen & Co., Inc., an American Company: therefore the plaintiff

being a Belgian citizen, this Court is in effect being asked to decide a dispute between a Belgian and an American—neither subject, save by consent and submission, to the jurisdiction of this Court. And inasmuch as no attempt was made to get Messrs. Olsen on the record, that company has not in any way submitted to the jurisdiction of this Court; but it is the real defendant and has, I understand, indemnified the British Company defendants in the matter of costs.

The action is one of passing-off and involves a question of trade marks. It seems to me, therefore, that it clearly comes within the provisions of Article 4 of the China Order in Council, 1907, as being an action for the protection of a trade mark. It therefore becomes essential for the Court to be satisfied in one way or another that effectual provision exists for the protection of the trademarks of British subjects in the Belgian Consular Courts in China. This, as regards copyright, was clearly laid down by Bourne, *J.*, in the case of *de Jesus v. "N. C. D. News,"* (96 N. C. Herald, 1910, p. 109), and it lies upon the plaintiff to show this; unless there has been a notification (*i. e.*, a public notification) issued by His Majesty's Minister to the effect that an arrangement for this protection has been made between His Majesty's Government and the Government of the State to which the plaintiff belongs: of such a notification this Court takes judicial notice. As Bourne, *J.*, laid down in the copyright case, this Court may be satisfied by the production of a certificate under the hand and seal of the Judge of the Consular Court concerned in China: and I have accepted one in this case from the Judge of the Belgian Court in the following terms (Exhibit "J") dated February 25, 1925:—

"I, Joseph d'Hondt, Acting Consul-General for Belgium and Judge of the Belgian Consular Court at Shanghai, hereby certify that effec-

tual provision exists for the protection in this Court and other Belgian Consular Courts in China of the rights and interests of British subjects in trade marks infringed by Belgian subjects or protégés."

#### NO FRAUD, BUT A QUESTION OF RIGHTS.

Now this case is brought as a passing-off action relating to cigars: upon the right of every trader to protect his property and to prevent attempts by other traders to avail themselves of his reputation to pass off their goods as his (see *Imperial Tobacco Co. v. Bonnon*, 1924, A. C. on page 759). No fraud is alleged or suggested in the use of the trade-marks concerned: each side claiming the right to use them. No question need be considered by me as to the right of the present plaintiff to bring this case: it is conceded in this Court that, whatever may be the position of Ingenohl towards other persons associated with him in his business in Antwerp, he is the right person to sue here and much, therefore, of the expert evidence on Belgian law that was given need not be considered by me, as it had to be considered by the learned Chief Justice of Hong-kong. That this matter is important to the parties concerned is shown by the facts that the output of the cigar factory in Manila concerned in these proceedings used to be from 30 to 40 million cigars a year: that the present owners of that factory had in 1919 a contract for the supply to one distributing agency in China of 24 million cigars in one year, and that the dispute over these trademarks has been one of the contributing causes to the failure (and a heavy failure) of Messrs. Olsen & Co., the present owners of the factory. Now the facts are as follows, and I shall try not to omit any relevant matter.

## THE HISTORY OF THE CASE.

The plaintiff, Ingenohl, a German by birth, became a naturalized Belgian in 1886: he took up the business of cigar making in Manila in about 1882, his own headquarters being in Antwerp. The business first belonged to a Société Anonyme (Limited Company), and the factory was in Manila. It commenced there about 1882, and the three trademarks really concerned ("Perla," "Cometa," and "Mundo") were originally registered in the name of the Company both in Manila and in Hongkong and probably elsewhere. There is no registration to cover this case in China. In 1905 the plaintiff became the proprietor of the business, purchasing it from the liquidator of the Société Anonyme: in 1909 he started a factory in Hongkong and in 1910 the three above-named marks, registered there in 1903 in the name of the Société Anonyme, were assigned in the Hongkong Register to "El Oriente, Fabrica de Tabacos, C. Ingenohl, Manila." These marks were registered in Class 45, "Tobacco manufactured or unmanufactured." Before 1909 the products of the Manila factory under these marks were well known in China, where there was a very large market for them. After a time the marks were used by the plaintiff for the products of his new Hongkong factory as well as for those of the original Manila factory. Such was the position up to the outbreak of war in 1914. It is perhaps not surprising that Ingenohl and his business came into suspicion amongst the allies then: and we find that he was placed upon the British Black List and a supervisor was appointed to the factory in Hongkong. On the entry of the U. S. A. into the war, the factory in Manila was taken over by the Custodian of Enemy Property; and under the legislation there in force was advertised for sale in December, 1918, and was actually

sold by auction to Messrs. Olsen & Co., Inc., in January, 1919.

Under the American legislation the utmost the original owner could get back from the U. S. Government was the price paid by the purchasers of the business sold: under no circumstances could he recover the business. At the conclusion of the war, Ingenohl, it is most interesting to note, demanded and obtained an inquiry into his conduct and affairs at the hands of his own (the Belgian Government): as a result of this inquiry, he was cleared of enemy character, and this finding was accepted by the Powers concerned: he was paid the purchase price of the Manila factory (he could not, under the law, get back the factory) and received back any other property that had been detained by the Governments of Great Britain, Belgium, and U. S. A.

#### THE PURCHASE OF TRADE MARKS.

The plaintiff now claims that he is the owner of these trademarks in China: that nothing that was done by the Custodian of Enemy Property in Manila had any extra-territorial effect and that just as he would have had protection in this Court for his marks prior to 1914, so he can have it now even against the purchaser of the business in Manila. The defendants, on the other hand, claim that, as purchasers of the business as a going concern with its goodwill and trademarks, they are entitled to use the marks in China, merely distinguishing themselves (as they have done, and as I believe is required by American Statute law) as the successors in business to the Ingenohl firm. It is not suggested that there is any "secret in the manufacture of the cigars sold under these marks." In so far as there is any peculiar process, it is equally known today to the Manila and to the Hongkong factory.

It is not denied that the plaintiff is the right person to sue here: it is not denied that the remedy sought in this action (once the requirements of the 1907 Order in Council are met) is the appropriate remedy. It is clear that the plaintiff, when he established his Hongkong factory and used these marks on its products, was attracting or endeavoring to attract to them some of the reputation that had been gained by the products of his Manila factory: and there is no doubt that the marks as originally used by him in Hongkong (see Exhibits "AA" and "BB,") were misleading, in that they undoubtedly suggested Manila as the place of origin of the cigars sold. And it is worth comment that the assignment in Hongkong of the marks in 1910 was not made in any way to the Hongkong factory; there was nothing in the transfer noted (Exhibit "E") to show that these marks were to be used for the products of the Hongkong factory; it was simply an assignment from the Société Anonyme to the Ingenohl firm (to use a general term) of Manila: and could no doubt have been made without any factory in Hongkong. It is to be remembered that there is nothing in the case before me in the nature of a counter-claim; nor indeed could I expect to find one. I shall as far as possible try to avoid in this judgment anything which might seem to touch upon the rights of other extra-territorial Courts in this country of China.

Now the first thing that appears is that on the pleadings the duty is cast upon the plaintiff to prove his case: to show that by the use of these marks or by the general get up of these cigars the defendants are endeavoring to pass off their goods as being the goods of the plaintiff. Then there is no doubt, and in this matter, I think, the Court must be entitled to speak without any evidence from the parties deceived, that a purchaser might from the labels used on the boxes

mistake the cigars from the Manila factory for those of the Hongkong factory or *vice versa*; a position which from sections 21 and 22 of the English Trade Marks Acts of 1905 and 1919 seem to be contemplated as possible in law. (I should mention here that the Trade Marks Act of 1919 makes an addition to Section 22 of the Act of 1905).

#### THE CONTRACT OF SALE

I have to turn to the contract of sale (Exhibit "L") between the Custodian and Messrs. Olsen, of January, 1919. This was between two American citizens made in the Philippine Islands, to be performed in the Philippine Islands. There can be no doubt that the interpretation of that contract is governed by American law; it is the "proper" law of the contract. I have no experts called on that matter, but I have a certified copy of a judgment (Exhibit "S") of an American Court dealing with this very contract, to which I am clearly entitled to look.

It is necessary to remember that the business of the Manila factory was almost entirely an export business. Some small part of the output (from 5 to 10 per cent) was for local trade; the rest (90 per cent to 95 per cent) was sold to agents for export to China, Hongkong, Australia, and elsewhere. Then the Manila factory had been at work since 1882, manufacturing and selling cigars under these three trade marks and acquiring a reputation for them; firstly the ownership being in a Société Anonyme, of which Ingenohl was sole Directing Administrator, and after 1905 in Ingenohl with a trade name of "El Oriente, Fabrica de Tabacos, C. Ingenohl, Manila." Thus the reputation of this manufacture was from 1882 to 1905 (23 years) in the Company and from 1905 to 1914 (9 years) in



Ingenohl. There can I think be no doubt that any right of protection in British Courts in China for these marks between 1882 and 1905 was at the suit of the Company: from 1905 to 1914 at the suit of Ingenohl: in other words that the transfer of the business by the liquidator in 1905 to Ingenohl was intended to give him and did give him the business and its trade marks. I quote from the translation affixed to Exhibit "K." "The Limited Company has transferred and transfers to Carl Ingenohl, merchant at Antwerp \* \* \* trading under the style of El Oriente, Fabrica de Tabacos, C. Ingenohl, the whole of its industrial and commercial affairs both in Belgium and elsewhere, and more especially the manufacturing of cigars at Manila; at the same time the said Company transfers to him its trademarks and all its rights resulting from its applications to the effort of registering (*i. e.* for registration) and the registering of its marks, labels, ribbons and rings made in Belgium and in any other country."

This transfer clearly contemplated some extra-territorial effect, and it was so held in Hongkong, for the marks registered there in 1903 by the Limited Company were assigned to the "Ingenohl Firm of Manila" in 1910: and this was done to enable the Ingenohl firm of Manila to prosecute for offences in Hongkong connected with the products of the Manila factory. It is in evidence that at first the Hongkong factory sold their products under the name of "Grand Asia"; it was not till after the lapse of a year at least that they were sold under the marks concerned in this case; in addition, marks other than the three concerned in this case were registered in Hongkong in the name of the "*Orient Tobacco Manufactory, C. Ingenohl, Mongkok in the Colony of Hongkong*" by which name the plaintiff traded in Hongkong (see Hongkong judgment, page 13). In other words, in 1910 these three

marks were registered in Hongkong in connection with the business in Manila, and not in connection with the business in Hongkong: even though the two businesses were the same ownership, and that fact was known to the Registrar of Trade Marks in Hongkong: while the plaintiff has all along insisted that the business in Hongkong was quite independent of the business in Manila.

#### SALE RIGHTS NOT CONFINED TO PHILIPPINES

I come now to the sale by the Custodian of Enemy Property in Manila in January, 1919. I have already said this contract has to be construed by American law. Now what was sold? It was "the property, real and personal, rights, etc. \* \* \* wherever situate in the Philippine Islands and all incidents and appurtenances thereto including the business as a going concern and the goodwill, trade name and trade marks thereof of Syndicat Oriente, a Company \* \* \* heretofore doing business in the Philippine Islands under the name of "El Oriente, Fabrica de Tabacos, C. Ingenohl," and any "interest in the foregoing which may belong to Carlos Francisco Adolfo Otto Ingenohl" (the present plaintiff). It is suggested that all that was sold or purported to be sold there was the business in the Philippine Islands: and that such sale could not affect outside the Philippine Islands including, I suppose, the U. S. A. I do not agree with this contention: when I know that in China the products of this factory under these three marks had obtained a great reputation, and that 90 per cent of the output of this factory was exported from the Philippine Islands, it seems to me an unreasonable contention to say that the contract itself was not intended to have any effect outside the Philippine Islands. *In my judgment, the Custodian*

*sold to Messrs. Olsen the business (which must include the export business) as a going concern, with the rights to the trademarks of that business in the Philippine Islands and in other places in so far as the laws of such places will uphold these rights (Italics ours).* I see nothing in the contract, when knowing the nature of the business, to lead me to the conclusion that nothing was sold save the right to use the trademarks in the Philippine Islands only: (assuming it had to be interpreted by English law). And the Court of Appeal in the Philippine Islands takes this view of the contract of sale interpreting it in the light of American Laws:

I quote from that judgment:—"The conveyance in question must be construed as intended to convey to Messrs. Olsen & Co. all property which either Ingenohl or his Company had within the jurisdiction of the United States. \* \* \* We hold that the trademarks and trade names in question were a part of the Company's business in the Philippine Islands and that Messrs. Olsen & Co. acquired title to the use and enjoyment of them by its deed of conveyance not only in the Philippine Islands but in all foreign countries in the same manner and to the same extent that they were used by the Company and Ingenohl, prior to the time that their property was seized by the United States. That the right and title to all such trademarks and to their use passed by the conveyance made to Messrs. Olsen & Co."

Such is the construction put upon this contract by the majority of the Supreme Court in the Philippine Islands sitting in Appeal: such was the construction put upon the contract of sale in Mumm's case by the Comptroller General; and such must have been the meaning of a similar contract of sale of the Manila factory if made by Ingenohl as a voluntary act; and it seems to me that it is the construction that I should

put upon it, were I to apply English Law to the document, subject only to this qualification: the right to use and enjoyment of the marks in foreign countries must be subject to the laws and Court of these countries; and so we find that the Supreme Court of Hongkong has not allowed this right to Messrs. Olsen & Co., in the Colony of Hongkong, for the reasons set out in full in its judgment reported in 17, Hongkong L. R., page 4. I see nothing in the contract itself to lead me to the conclusion that it was intended only to have reference to the use of these marks in the Philippine Islands.

#### THE CASE OF THE CARTHUSIAN MONKS

But it is said that to give effect to this construction in a British Court in China would be to give effect to the Penal Legislation of the U. S. A. and that British Courts will never do this. I am referred to Dicey: (Conflict of Laws, 2nd Ed., Rule 40 on page 207), and to the case of *Rey v. Lecouturier* (1908, 2 Ch. 722 and 1910 2 A. C. 262). I do not doubt the properties as stated by Dicey; but the answer to this is that the measures taken by the U. S. A. as a result of which this sale was made in January, 1919, do not come within that doctrine at all. If they did, so would decisions of Prize Courts, and that has never been suggested. The case of *Huntington v. Attrill* (1893 A. C. 150) lays down the class of cases to which that doctrine applies; and that decision expressly accepts the law as laid down in the U. S. A. The Privy Council accepted the following exposition of the law as providing the test for ascertaining whether an action is penal within the meaning of the rule:—"The rule that the Courts of no country execute the law of another applies not only to prosecutions and sentences for crimes and misde-

meanors, but to all suits in favor of the State for the recovery of pecuniary penalties for any violation of statutes for the protection of its revenues or other municipal laws, and to all judgments for such penalties." Such a test excludes the case before me. Then as to the case of *Rey v. Le Couturier*; the "*Chartreuse*" case; which the learned Chief Justice of Hongkong held conclusive as to this matter in Hongkong. In the first place it is noted that it was on all sides held that the *French Law of Associations depriving the Carthusian Monks of their property in France was a penal law* (Italics ours): and was not even in France considered to have had any extraterritorial effect: see report in 1910, 2 A. C. on pages 265, 268 and 271. But to my mind the more I read that case both in the Court of Appeal and in the House of Lords, the more I am impressed with the fact that it really turned upon the possession by the monks of a secret process of manufacture which had not been, and in fact could not have been seized or confiscated under the Law of Associations. That secret the monks retained: without it the purchaser of the business from the liquidator could not carry it on; could not in fact deliver the liqueurs made by the monks and sold by them under their marks. The liquidator never had "the business" to sell; the purchasers could not therefore acquire it. And the American Courts held the same, while the strength of this view of the matter was noted by the Judge who tried the case of *Baglin v. Cusenier Co.*; 156 Fed. and 1016:—Some strength might be found in defendant's argument had the receiver (liquidator) become possessed of the business that produced the product indicated by the trademark. This he did not do. When the monks fled from the rigor of the French Law they took their business with them." See also 27 Halsbury on page 761; note (d) to paragraph 1342. Recently too in

England (in a case the report of which I regret I have not before me, but which is given in a full note in Mews' Digest, 1922, Col. 338 and L. R. Digest, 1922, Col. 538; see also 27 Halsbury Supplement for 1924 on page 1784), it has been held by the Comptroller General of Trade Marks that (1) the consequences of the war legislation of an ally (France) can be enforced in England and cannot, therefore, come within the doctrine of Enforcement of the penal legislation of a foreign country by an English Court; and (2) there being no secret as alleged by the Mumm firm in the process of manufacture of their champagne at Rheims in France, the sale by the sequestrator of that business under French War legislation carried with it the right to the registration in England of the trademarks formerly registered by the Mumm firm: even though that firm had started business in Switzerland. And Mumm & Co. were refused registration with the new address in Switzerland. In *re* Mumm & Co.'s Application 39, R. P. C. 279, I find it impossible to believe that neither the doctrine as to penal legislation being unenforceable in an English Court nor the case of *Rey v. Lecouturier* were considered by the Comptroller General. Another finding in that case was that the goodwill of the Rheims business, as far as it related to the export trade, was indissolubly connected with the French business. That case is remarkably like the one before me; and it seems to me that, apart from the existence of the Hongkong factory, the Ingenohl mark in England must have been assigned under that judgment to Messrs. Olsen & Co.

#### MESSRS. OLSEN'S RIGHTS IN CHINA

I hold that as far as the market in China is concerned, that contract of sale of January, 1919, intended and purported to convey to Messrs. Olsen & Co. the

use and enjoyment in China of the trademarks, such as had been used and enjoyed by the Ingenohl firm as proprietors of the Manila factory up to that time: and that there is nothing in English law to prevent effect being given to that in English Courts; that administering English law here, it would therefore be open to me in proper cases to give protection to those marks as against infringement by British subjects. In other words that, apart from the existence of the Ingenohl factory in Hongkong, protection would be given here at the suit of Messrs. Olsen & Co. for infringement of the marks assigned to them in the sale of January, 1919.

But, says the plaintiff, Ingenohl, "I have a cigar business in Hongkong founded before the war; independent of the Manila business: I have used and am using these marks in connection with my Hongkong factory products; I have made a reputation for them, and I am entitled to protection for their reputation which is being harmed by the user of these marks on the products of a Manila factory." Had the Hongkong factory been started when the Manila factory was seized by the U. S. A. authorities, I doubt not that the *Mumm* case would have left no claim at all. Does the fact that it was started in 1909 or 1910 make any difference?

I have therefore to turn to the claim here and see what it really is. This is a passing off action: the claim of a trader whose goods (cigars) are being imitated so closely by a rival trader as to lead the public to think that it is purchasing his goods, to have imitation stopped. It is a claim by Ingenohl as the proprietor of the Hongkong factory to prevent the sale in China of cigars under marks leading the public to believe them to be the product of that Hongkong factory. It is not a question of any sympathy for one side or



the other: it is a matter of legal right to use the marks; the plaintiff for his Hongkong made cigars and the defendant for his Manila made cigars. I am not aware that any such case has occurred before. It is necessary therefore to consider closely the facts.

#### MANILA REPUTATION FOR HONGKONG CIGARS

There can be no doubt, from a mere glance at the marks as used, that confusion may arise in the mind of a purchaser; one has only to look at Exhibits "AA" and "DD" to see that a man who wants to buy a Hongkong made Perla might get a Manila made Perla, and vice versa. This follows when it is remembered that the marks used by the parties are in fact the same marks: one is not an imitation of the other. Again it is agreed that the Manila factory is today producing the same article as it produced under the proprietorship of Ingenohl: the articles which earned from 1882 to 1919 the great reputation of these cigars in China, which the plaintiff has endeavored and is endeavoring to transfer to his Hongkong factory and its products. And what is that reputation? It is suggested that it is a reputation of the Ingenohl firm as makers of cigars anywhere; but I do not agree. It seems to me that it is a reputation for the products of a factory in Manila owned by the Ingenohl firm; a reputation for a cigar made in Manila of Manila tobacco at the factory of "El Oriente, Fabrica de Tabacos, C. Ingenohl, Manila." And it was this reputation that led to the making of the contract of 1919 (Exhibit "T") for 24,000,000 of these cigars to be supplied in one year for sale in China. It is this reputation that Ingenohl, the plaintiff, seeks to keep for his Hongkong made cigars. I must confess that when one considers the dates in this matter one might have



expected the case to be framed the other way: to have had a claim by the Manila factory for protection for a reputation for its products gained since 1882 and not a claim by the Hongkong factory for one gained only since 1910 or 1911.

In order to test the plaintiff's right to relief, I have to consider what happened. For reasons of his own Ingenohl started the Hongkong factory in 1909 or 1910: he used Manila tobacco treated as it was treated in his Manila factory and purchased from there: he manufactured his cigars in the same manner as in Manila. They were marketed at first, for a year or so, as "Grand Asia": but presently he began to use the same marks as he was using for his Manila made cigars: at first without even removing the address of the factory from them: merely putting "Hongkong" in place of "Manila in two places: ultimately replacing the address of the factory in Manila by the address of the factory in Hongkong. He also quoted the price of his Hongkong made cigars in pesos, the currency of the Philippine Islands. He called his Hongkong factory "The Orient Tobacco Manufactory, C. Ingenohl, Hongkong": the Manila factory remaining as "El Oriente, Fabrica de Tabacos, C. Ingenohl, Manila" and he is insistent that the two concerns are independent of each other, though in the same ownership. It is noteworthy that the three marks in this case: registered originally in Hongkong in the name of Ingenohl's predecessor, the Société Anonyme: were assigned in 1910 to "El Oriente, Fabrica de Tabacos, C. Ingenohl, Manila" in order to protect the products of the Manila factory from imitation in Hongkong: and that while this assignment was going on, other marks were being registered in Hongkong as belonging to "The Orient Tobacco Manufactory, C. Ingenohl, Hongkong." After about one year Ingenohl endeavored to get for his

Hongkong made cigars some of the reputation which had been well earned by his Manila made cigars and began to use the same label on the boxes: and it is here that the value of the evidence as to the Hongkong made article is seen. I have considerable doubt in my mind after the evidence of Mr. Wunderlich and the fact that one customer at all events complained about the absence of the word "Manila" from the label, whether it is possible to make the same quality cigars in Hongkong as in Manila, just as it seems one cannot make the same quality cigar in Tampa or Key West as in Havana: and if this is so, the Hongkong made "Perla" is not the same quality as the Manila made "Perla"; it is not for me to say if it is as good or better. But the plaintiff not only used the Manila labels in 1911, or thereabout, for his Hongkong products: in 1919, on failure to sell his stock of labels printed for Manila, he sent these to Hongkong and had them used for the Hongkong products. And even in 1922, after the sale to Messrs. Olsen, is still quoting prices in pesos: and now his labels (Exhibit "EE") give his address as "El Oriente, Fabrica de Tabacos, Hongkong," which has never been the name of his Hongkong business. There can be no doubt, I think, from the labels themselves that manufacture in Manila forms the main idea underlying the pictorial representations: the scenes depicted, etc., etc.

I am not sure that, under these circumstances and under the authority of the case of *Newman v. Pinto* (4 R. P. C. 516), the plaintiff ought not to be refused the protection he asks in this Court on account of his own conduct: to my mind the labels so often used by him to get a reputation for his Hongkong cigars undoubtedly did represent manufacture in Manila: and save for the address of the Hongkong factory, which does not appear at all in the Register of Trademarks in Hongkong, the labels lead to that idea themselves.

## JUDGMENT FOR DEFENDANT

But the action fails, as it seems to me on another ground: I can see no ground in fact for the suggestion that Messrs. Olsen, by legitimately using the labels of the Manila factory, are in any way "imitating" the labels of the Hongkong factory: they are the proper owners of the labels in the Philippine Islands with the business and reputation attached to them. They in no wise represent to the public that they cover a Hongkong made article: they do not represent to the public that the cigars are made by the Ingenohl firm: they describe themselves, the makers, as the "Successors" to that firm (a requirement, as I have stated, of American law). And I can see nothing to take, in China, from the lawful owner of the Manila factory protection for the reputation of the products of that factory which he has lawfully acquired nor to give protection to the products of the Hongkong factory at the expense of the Manila factory.

I therefore give judgment for defendants.

Mr. Macleod, for defendants, on the question of costs submitted this was a case in which the special scale under the Rules of Court should be made applicable.

His Lordship.—It seems to me that this case, having taken seven days in argument before me, is certainly one which comes within the Rule. I shall therefore allow costs under the special scale, and to be certified for two counsel. I thank the Bar for the assistance they gave me. Their arguments were not in any way presented at too great length, and they were of very great assistance.

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# SUPREME COURT OF THE UNITED STATES.

No. 174.—OCTOBER TERM, 1926.

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Carl Franz Adolf Otto Ingenohl, Petitioner,  
vs.  
Walter E. Olsen & Company, Inc. } On Writ of Certiorari to  
the Supreme Court of  
the Philippine Islands.

[March 14, 1927.]

Mr. Justice HOLMES delivered the opinion of the Court.

This is a suit to recover the costs adjudged to the plaintiff, the petitioner here, in a former suit that was brought by him against the defendant in the British Colony of Hongkong and was determined in his favor by the Supreme Court there. The judgment declared the plaintiff to be the owner of certain trade-marks and trade names and entitled to the exclusive use of them in connection with his business as a cigar manufacturer. It restrained the defendants from selling cigars under these trade-marks and awarded the costs now sued for. The Court of First Instance of Manila gave judgment for the plaintiff. On appeal the Supreme Court of the Philippine Islands reversed this decision on the ground that by § 311(2) of the Code of Civil Procedure a judgment against a person "may be repelled by evidence of a want of jurisdiction, want of notice to the party, collusion, fraud or clear mistake of law or fact," and that the judgment of the Supreme Court of Hongkong showed such a clear mistake.

The supposed mistake consisted in denying effect in Hongkong to a sale of business and trade-marks by the Alien Property Custodian to the defendant, the circumstances and nature of which may be stated in few words so far as they concern the present case. The plaintiff Ingenohl had built up a great business as a cigar manufacturer and exporter having his factory at Manila. In 1908 he established a factory at Hongkong and thereafter goods from both factories were sold under the same trade-marks, the outside box or package of the Hongkong goods having a label indicating that they

came from there. The trade-marks were registered in Hongkong and the cigars covered by them had acquired a reputation. In 1918 the Alien Property Custodian seized and sold all the property 'where-soever situate in the Philippine Islands . . . including the business as going concern, and the good will, trade names and trade-marks thereof, of Syndicat Oriente', being the above mentioned business of the plaintiff in the Philippines. The Supreme Court of the Philippines held that it was plain error in the Supreme Court of the British Colony to hold that this sale did not carry the exclusive right to use the trade-marks in the latter place.

A trade-mark started elsewhere would depend for its protection in Hongkong upon the law prevailing in Hongkong and would confer no rights except by the consent of that law. *Hanover Star Milling Co. v. Metcalf*, 240 U. S. 403. *United Drug Co. v. Theodore Rectanus Co.*, 248 U. S. 90. When then the judge who, in the absence of an appeal to the Privy Council, is the final exponent of that law, authoritatively declares that the assignment by the Custodian of the assets of the Manila firm cannot and will not be allowed to affect the rights of the party concerned in Hongkong, we do not see how it is possible for a foreign Court to pronounce his decision wrong. It will be acted on and settles the rights of the parties in Hongkong and in view of that fact it seems somewhat paradoxical to say that it is not the law. If the Alien Property Custodian purported to convey rights in English territory valid as against those whom the English law protects he exceeded the powers that were or could be given to him by the United States.

It is not necessary to consider whether the section of the Code of Civil Procedure relied upon was within the power of the Philippine Commission to pass. In any event as interpreted it involved delicate considerations of international relations and therefore we should not hold ourselves bound to that deference that we show to the judgment of the local Court upon matters of only local concern. We are of opinion that whatever scope may be given to the section it is far from warranting the refusal to enforce this English judgment for costs, obtained after a fair trial before a court having jurisdiction of the parties, when the judgment is unquestionably valid and in other respects will be enforced. Of course a foreign

state might accept the Custodian's transfer as good within its jurisdiction, if there were no opposing local interest or right, and that may be the fact for China outside of Hongkong as seems to have been held in another case not yet finally disposed of, but no principle requires the transfer to be given effect outside of the United States and when as here it has been decided to have been ineffectual it is unnecessary to inquire whether in the other event the Alien Property Custodian was authorized by the statute to use or did use in fact words purporting to have that effect, or what the effect, if any, would be.

Some question was made of the jurisdiction of this Court. The jurisdiction was asserted, at least provisionally, when the writ of certiorari was granted. There are few cases in which it is more important to maintain it, and we confirm it now. The validity of the section of the Code of Civil Procedure is drawn in question, and also the construction of the Trading with the Enemy Act which is treated as purporting to authorize what in our opinion it could not authorize if it tried.

*Judgment reversed.*

A true copy.

Test:

*Clerk, Supreme Court, U. S.*